

OFFER TO TENDER OR EXCHANGE CERTAIN BONDS
made by
KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY
to the Holders described herein of all or any portion of the maturities listed on page (ii) herein of the
FIRST TIER TOLL REVENUE BONDS, SERIES 2013A (DOWNTOWN CROSSING PROJECT),
CUSIP Nos. 491397AB1 and 491397AC9 (the “Target 2013A Bonds”)
FIRST TIER TOLL REVENUE BONDS, SERIES 2013B (DOWNTOWN CROSSING PROJECT)
CUSIP Nos. 491397AR6, 491397AH8, 491397AJ4 and 491397AK1 (the “Target 2013B Bonds”)

**THE TENDER OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON SEPTEMBER 14, 2021, AND
THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON SEPTEMBER 14, 2021,
UNLESS EITHER OFFER IS EARLIER TERMINATED OR EXTENDED AS DESCRIBED HEREIN.**

This Offer to Tender or Exchange Target 2013 Bonds, dated August 23, 2021 (as it may be amended or supplemented, this “Offer”), describes an offer by the Kentucky Public Transportation Infrastructure Authority (the “Authority”), with the assistance of Citigroup Global Markets, Inc., as dealer manager (the “Dealer Manager”), to the beneficial owners (the “Holders” or “Bondholders”) of the Authority’s outstanding Target 2013A Bonds and Target 2013B Bonds (collectively, the “Target 2013 Bonds”) to (i) purchase Target 2013 Bonds, as set forth on page (ii) of this Offer, tendered by any Bondholder for cash (the “Tender Offer”) at the purchase prices to be published by the Authority in the Notice of Purchase Prices and Exchange Factors (the “Pricing Notice”) and (ii) accept Target 2013A Bonds, as set forth on page (ii) of this Offer, tendered by Holders that are “Qualified Investors” as described herein, in exchange (the “Exchange Offer”) and together with the Tender Offer, the “Authority Offers”) for the Authority’s First Tier Toll Revenue Refunding Bonds (Downtown Crossing Project), Series 2021B (Tax-Exempt) (the “Series 2021B Bonds”) described in the Series 2021 POS (as hereinafter defined) and the Pricing Notice, which Pricing Notice is expected to be published by the Authority no later than Noon on September 9, 2021, plus, in the case of the Target 2013A Bonds (as defined on page (ii) of this Offer), accrued interest on the Target 2013A Bonds tendered for purchase or exchange to but not including the applicable Settlement Date (as defined herein). No additional interest of any kind will be paid on the Target 2013B Bonds (as defined on page (ii) of this Offer) tendered for purchase or exchange.

Subject to the terms and conditions of the respective Authority Offers, the Authority will purchase any and all Target 2013 Bonds tendered for purchase and cause the exchange of Series 2021B Bonds for any and all Target 2013A Bonds tendered by Qualified Investors for exchange on October 7, 2021, unless extended by the Authority, assuming all conditions to the applicable Authority Offer have then been satisfied or waived by the Authority (such date being the “Settlement Date”), provided that such Target 2013 Bonds have been validly tendered by the applicable Expiration Dates set forth below. Bondholders who tender Target 2013A Bonds for purchase or exchange on the Settlement Date will receive accrued interest on such Target 2013A Bonds to but not including the Settlement Date. Bondholders who tender Target 2013B Bonds for purchase or exchange on the Settlement Date will receive no interest of any kind. The Target 2013 Bonds were issued by the Authority pursuant to a General Trust Indenture, dated as of December 1, 2013 (the “General Indenture”), between the Authority and The Bank of New York Mellon Trust Company, National Association, as trustee (the “Bond Trustee”). The source of funds to purchase the Target 2013 Bonds validly tendered for purchase pursuant to the Tender Offer with respect to the principal amount thereof will be limited to proceeds of the Series 2021B Bonds, which Series 2021B Bonds and the Authority’s First Tier Toll Revenue Refunding Bonds (Downtown Crossing Project), Series 2021A (Federally Taxable) (the “Series 2021A Bonds”) are each anticipated to be issued on the Settlement Date. The Series 2021A Bonds and the Series 2021B Bonds (collectively, the “Series 2021 Bonds”) are described in the Preliminary Official Statement dated August 23, 2021 attached hereto as EXHIBIT A (the “Series 2021 POS”). The payment of accrued interest on Target 2013A Bonds validly tendered and accepted for purchase or exchange will be funded from the proceeds of the Series 2021B Bonds and certain moneys available for such purpose under the General Indenture (as defined herein). The purchase of any Target 2013 Bonds tendered pursuant to the Tender Offer and the exchange of any Target 2013A Bonds tendered pursuant to the Exchange Offer are contingent on the issuance of the Series 2021B Bonds. As detailed further herein, each Holder who participates in the Exchange Offer must be either (i) a sophisticated municipal market professional as defined in Rule D-15 of the Municipal Securities Rulemaking Board or (ii) a “qualified institutional buyer” within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (each a “Qualified Investor”). The consummation of the Authority Offers is also subject to certain other conditions, including, without limitation, the Financing Conditions (as defined herein). See “INTRODUCTION – General” and “TERMS OF THE AUTHORITY OFFERS – Conditions to Purchase or Exchange” herein.

IT IS ANTICIPATED THAT, SUBJECT TO MARKET CONDITIONS, ALL OF THE TARGET 2013 BONDS NOT PURCHASED OR EXCHANGED PURSUANT TO THE AUTHORITY OFFERS WILL BE DEFEASED TO THEIR FIRST OPTIONAL CALL DATE FROM THE PROCEEDS OF THE SERIES 2021A BONDS ANTICIPATED TO BE ISSUED BY THE AUTHORITY ON OR ABOUT THE SETTLEMENT DATE AS DESCRIBED UNDER THE CAPTION “PLAN OF FINANCE” IN THE SERIES 2021 POS.

BY ACCEPTANCE OF THE EXCHANGE OFFER, A QUALIFIED INVESTOR WILL BE DEEMED TO HAVE APPROVED CERTAIN AMENDMENTS TO THE GENERAL INDENTURE AND THE AUTHORITY’S SERIES TRUST INDENTURE NUMBER 2013-3 DATED AS OF DECEMBER 1, 2013 (THE “PRIOR SERIES INDENTURE”). THE TIFIA LENDER (AS HEREIN DEFINED) AND THE HOLDERS OF THE SERIES 2021 BONDS CONSTITUTE A MAJORITY OF HOLDERS, AS REQUIRED BY THE GENERAL INDENTURE FOR AMENDING THE GENERAL INDENTURE AND THE PRIOR SERIES INDENTURE WITH THE AMENDMENTS, AS APPLICABLE. See “ADDITIONAL CONSIDERATIONS – Certain General Indenture Amendments” herein for more information.

To make an informed decision as to whether, and how, to tender Target 2013 Bonds for purchase pursuant to the Tender Offer, Bondholders must read this Offer carefully, including APPENDIX A, and consult with their broker, account executive, financial advisor, attorney and/or other professionals. To make an informed decision as to whether, and how, to tender Target 2013A Bonds for exchange pursuant to the Exchange Offer and the Notice of Terms of Exchange, Qualified Investors must read this Offer carefully, including APPENDIX A, and consult with their broker, account executive, financial advisor, attorney and/or other professionals. For more information about risks concerning the Authority Offers, please see “ADDITIONAL CONSIDERATIONS” herein.

Any Bondholder wishing to accept the Authority’s offer to purchase the Target 2013 Bonds pursuant to this Tender Offer or exchange Target 2013A Bonds pursuant to this Exchange Offer should follow the procedures more specifically described herein. Bondholders and their brokers and account executives with questions about this Offer should contact the Dealer Manager or the Information Agent.

Key Dates and Times

*All of these dates and times are subject to change. All times are New York City time.
Notices of changes will be sent in the manner provided for in this Offer.*

Launch Date	August 23, 2021
Notice of Purchase Prices and Exchange Factors	By Noon on September 9, 2021
Offer to Tender or Exchange Expiration Date	Before 5:00 p.m. on September 14, 2021
Offer to Tender or Exchange Acceptance Date	Before 5:00 p.m. on September 15, 2021
Settlement Date	October 7, 2021

The Dealer Manager for the Authority Offers is:

Citigroup Global Markets

The Information Agent and Tender/Exchange Agent for the Authority Offers is:

Globic Advisors

August 23, 2021

TARGET 2013 BONDS SUBJECT TO THE PURCHASE OFFER

Target 2013A Bonds

CUSIP*	Maturity (July 1)	Interest Rate	Par Amount
491397AB1	2049	5.75%	\$76,975,000
491397AC9	2053	6.00	97,890,000

Target 2013B Bonds

CUSIP*	Maturity (July 1)	Approximate Yield to Maturity	Accreted Value as of September 1, 2021	Accreted Value at Maturity
491397AR6	2025	5.70%	\$ 822,370.92	\$1,020,000
491397AH8	2026	5.90	1,687,568.04	2,235,000
491397AJ4	2027	6.10	2,370,272.35	3,365,000
491397AK1	2028	6.25	2,581,027.50	3,930,000

TARGET 2013 BONDS SUBJECT TO THE EXCHANGE OFFER

Target 2013A Bonds

CUSIP*	Maturity (July 1)	Interest Rate	Par Amount
491397AB1	2049	5.75%	\$76,975,000
491397AC9	2053	6.00	97,890,000

PROVISIONS APPLICABLE TO THE PURCHASE OFFER

No later than Noon on September 9, 2021, the Pricing Notice will be made available: (i) at the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org> (the “*EMMA Website*”), using the CUSIP numbers for the Target 2013 Bonds listed in the “Target 2013 Bonds Subject to the Tender Offer” above; (ii) to DTC (defined below) and to the DTC participants holding the Target 2013 Bonds; and (iii) by posting electronically on the website of the Information Agent at <https://www.globic.com/kptia>.

The Series 2021 POS (the form of which is attached hereto as EXHIBIT A) will also be made available: (i) at the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org> (the “*EMMA Website*”), using the CUSIP numbers for the Target 2013 Bonds listed in the “Target 2013 Bonds Subject to the Tender Offer” table in this Offer; (ii) to DTC (defined below) and to the DTC participants holding the Target 2013 Bonds; and (iii) by posting electronically on the website of the Information Agent at <https://www.globic.com/kptia>.

PROVISIONS APPLICABLE TO THE EXCHANGE OFFER

Each Institutional Bondholder who tenders Target 2013A Bonds for exchange pursuant to the Offer Documents must be a sophisticated municipal market professional as defined in Rule D-15 of the Municipal Securities Rulemaking Board or a “qualified institutional buyer” within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (each a “*Qualified Investor*”).

The Series 2021B Bonds to be delivered in exchange for Target 2013A Bonds and accepted by the Authority for exchange will be dated the Settlement Date as set forth above and described herein, bear interest at the rates and mature on the

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standards & Poor’s Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. Neither the Authority, the Dealer Manager, the Information Agent and the Tender/Exchange Agent nor their respective agents or counsel assume responsibility for the accuracy of such numbers.

dates (subject to prior redemption) set forth in the Series 2021 POS. The Series 2021B Bonds will be issued in the manner, on the terms and with the security therefor as described in the Series 2021 POS.

The “**Exchange Factor**” is the factor by which the principal amount of tendered Target 2013A Bonds will be multiplied in order to determine the principal amount of Series 2021B Bonds that will be issued in exchange for such Target 2013A Bonds tendered pursuant to the Offer Documents.

Target 2013A Bonds tendered for exchange may be exchanged for a principal amount of the applicable Series 2021B Bonds determined by multiplying the principal amount of such Target 2013A Bonds tendered for exchange by the applicable Exchange Factor as set forth in the Pricing Notice. If, as a result of such calculation, the principal amount of the applicable Series 2021B Bonds that a Bondholder would be entitled to receive would not be an integral multiple of \$1,000, the Authority will round upward the principal amount of the applicable Series 2021B Bonds to be delivered to the Bondholder to the nearest \$1,000 denomination.

No later than Noon on September 9, 2021, the Pricing Notice will be made available: (i) at the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org> (the “**EMMA Website**”), using the CUSIP numbers for the Target 2013A Bonds listed in the “Target 2013A Bonds Subject to the Exchange Offer” table in this Offer; (ii) to DTC (defined below) and to the DTC participants holding the Target 2013A Bonds; and (iii) by posting electronically on the website of the Information Agent at <https://www.globic.com/kptia>.

The Series 2021 POS (the form of which is attached hereto as EXHIBIT A) will also be made available: (i) at the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org> (the “**EMMA Website**”), using the CUSIP numbers for the Target 2013A Bonds listed in the “Target 2013A Bonds Subject to the Exchange Offer” table in this Offer; (ii) to DTC (defined below) and to the DTC participants holding the Target 2013A Bonds; and (iii) by posting electronically on the website of the Information Agent at <https://www.globic.com/kptia>.

The exchange of any Target 2013A Bonds pursuant to the Offer Documents is contingent on the issuance of the Series 2021B Bonds, and is also subject to the terms of the Offer Documents and certain other conditions as described herein.

IMPORTANT INFORMATION

This Offer and other information with respect to the Tender Offer and the Exchange Offer (the “Offer Documents”) are and will be available from Citigroup Global Markets Inc. (the “Dealer Manager”) and Globic Advisors (the “Information Agent”) at <http://emma.msrb.org> and <https://www.globic.com/kptia>. Bondholders wishing to tender their Target 2013 Bonds for purchase pursuant to the Tender Offer or for exchange of their Target 2013A Bonds pursuant to the Exchange Offer should follow the procedures described in this Offer. The Authority reserves the right to cancel or modify the Tender Offer and/or the Exchange Offer at any time on or prior to the Tender Offer Expiration Date and the Exchange Offer Expiration Date, respectively, and reserves the right to make a future tender offer at prices different than the prices described herein or a future exchange offer for new Target 2013A Bonds with terms different than the terms of the Series 2021 Bonds described herein, in each case in its sole discretion. The Authority will have no obligation to purchase or exchange Target 2013 Bonds tendered if such cancellation or modification occurs. The Authority further reserves the right to accept nonconforming tenders or waive irregularities in any tender. Though it may not be economic on the date of this Offer, the Authority also reserves the right in the future to refund (on an advance or current basis) any remaining portion of outstanding Target 2013 Bonds through the issuance of publicly offered or privately placed refunding bonds. The consummation of the Authority Offers is also subject to certain other conditions, including, without limitation, the Financing Conditions (as defined herein) that are anticipated to occur after the Expiration Dates but prior to the Settlement Date.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS OFFER OR PASSED UPON THE FAIRNESS OR MERITS OF THIS OFFER OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS OFFER. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Offer is not being extended to, and Target 2013 Bonds tendered in response to this Offer will not be accepted from or on behalf of, Bondholders in any jurisdiction in which this Offer or acceptance thereof would not be in compliance with the laws of such jurisdiction. In any jurisdictions where the securities, “blue sky” or other laws require this Offer to be made through a licensed or registered broker or dealer, this Offer shall be deemed to be made on behalf of the Authority through the Dealer Manager or one or more registered brokers or dealers licensed under the laws of that jurisdiction.

References to web site addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not a part of, this Offer.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Offer, including APPENDIX A, and, if given or made, such information or representation may not be relied upon as having been authorized by the Authority or any of its affiliates.

The delivery of this Offer shall not under any circumstances create any implication that any information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of the Authority, or its affiliates, since the date hereof. The information contained in this Offer is as of the date of this Offer only and is subject to change, completion, or amendment without notice.

Certain statements included or incorporated by reference into this Offer constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “forecast,” “plan,” “expect,” “estimate,” “budget” or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Authority does not plan to issue any updates or revisions to those forward-looking statements if or when changes to its expectations, or events, conditions or circumstances on which such statements are based, occur.

This Offer, including APPENDIX A, contains important information which should be read in its entirety before any decision is made with respect to this Offer.

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OFFER TO TENDER OR EXCHANGE TARGET 2013 BONDS
made by
KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY
to the Holders of the

FIRST TIER TOLL REVENUE BONDS, SERIES 2013A (DOWNTOWN CROSSING PROJECT),
CUSIP Nos. 491397AB1 and 491397AC9 (the “Target 2013A Bonds”)

FIRST TIER TOLL REVENUE BONDS, SERIES 2013B (DOWNTOWN CROSSING PROJECT)
CUSIP Nos. 491397AR6, 491397AH8, 491397AJ4 and 491397AK1 (the “Target 2013B Bonds”)

INTRODUCTION

General

This Offer to Tender Target 2013 Bonds or Exchange Target 2013A Bonds, dated August 23, 2021 (as it may be amended or supplemented, including the cover page and Appendices hereto, this “*Offer*”), describes an offer by Kentucky Public Transportation Infrastructure Authority (the “*Authority*”), with the assistance of Citigroup Global Markets Inc., as dealer manager (the “*Dealer Manager*”), to the beneficial owners (the “*Holders*” or “*Bondholders*”) of the Authority’s outstanding Target 2013A Bonds with the CUSIP numbers listed on the cover page of this Offer (the “*Target 2013A Bonds*”) and of the Authority’s outstanding Target 2013B Bonds with the CUSIP numbers listed on the cover page of this Offer (the “*Target 2013B Bonds*” and, together with the Target 2013A Bonds, the “*Target 2013 Bonds*”) to (i) purchase all Target 2013 Bonds tendered by any Bondholder for cash (the “*Tender Offer*”) at the applicable purchase prices set forth in the Pricing Notice (as hereinafter defined) and (ii) accept Target 2013A Bonds tendered by Holders that are “Qualified Investors” as described herein, in exchange (the “*Exchange Offer*,” and together with the Tender Offer, the “*Authority Offers*”) for the specified amount of the Authority’s First Tier Toll Revenue Refunding Bonds (Downtown Crossing Project) Series 2021B (Tax-Exempt) (the “*Series 2021B Bonds*”) described in the Series 2021 POS (as hereinafter defined) and the Pricing Notice, *plus*, in the case of the Target 2013A Bonds, accrued interest on the Target 2013A Bonds tendered for purchase or exchange to but not including the Settlement Date (as defined herein). No additional interest of any kind will be paid on the Target 2013B Bonds tendered for purchase. If issued, the Series 2021B Bonds will be dated as of the Settlement Date, bear interest at the rates and mature on the dates set forth on page (ii) of this Offer, and be issued in the manner, on the terms and with the security described in the Preliminary Official Statement dated August 23, 2021 attached hereto as APPENDIX A (the “*Series 2021 POS*”). The Authority Offers are being made to reduce the Authority’s debt service requirements.

The Target 2013 Bonds were issued by the Authority pursuant to a General Trust Indenture, dated as of December 1, 2013 (the “*General Indenture*”), between the Authority and The Bank of New York Mellon Trust Company, National Association, as trustee (the “*Bond Trustee*”). For certain information concerning the Authority, see the Series 2021 POS attached hereto as EXHIBIT A.

The source of funds to purchase the Target 2013 Bonds validly tendered for purchase pursuant to the Tender Offer is limited to the proceeds of the Authority’s Series 2021B Bonds, anticipated to be issued on the Settlement Date pursuant to the General Indenture. A portion of the accrued interest on such Target 2013A Bonds validly tendered for purchase or exchange will be paid from other moneys available under the General Indenture. See “Sources of Funds to Purchase Target 2013 Bonds and Pay Accrued Interest” herein.

Notwithstanding any other provision of this Offer, the consummation of the Authority Offers and the Authority's obligation to accept for purchase or exchange, and to pay for or exchange, as applicable, Target 2013 Bonds validly tendered (and not validly withdrawn) pursuant to the Authority Offers are subject to the satisfaction of or waiver of the following conditions on or prior to the Settlement Date: (a) the successful completion by the Authority of a debt financing transaction including the issuance of the Series 2021B Bonds by the Authority pursuant to the General Indenture (the "*Proposed Financing*"), the proceeds of which will be sufficient to (i) fund the purchase of all Target 2013 Bonds validly tendered pursuant to the Tender Offer and provide sufficient Series 2021B Bonds to effect the exchange of all Target 2013A Bonds validly tendered pursuant to the Exchange Offer and (ii) pay all fees and expenses associated with the Proposed Financing and the Authority Offers; (b) the Authority obtaining satisfactory and sufficient economic benefit as a result of the consummation of the Authority Offers when taken together with the Proposed Financing (collectively, the "*Financing Conditions*"), all on terms and conditions that are in the Authority's best interest in its sole discretion; and (c) the other conditions set forth in "TERMS OF THE AUTHORITY OFFERS – Conditions to Purchase or Exchange." The Authority reserves the right, in its sole discretion, subject to applicable law, to amend or waive any of the conditions to the Authority Offers, in whole or in part, at any time prior to the applicable Expiration Date (as defined herein). The Authority Offers may be withdrawn by the Authority at any time prior to the applicable Expiration Date.

TO MAKE AN INFORMED DECISION AS TO WHETHER, AND HOW, TO TENDER THEIR TARGET 2013 BONDS FOR PURCHASE OR THEIR TARGET 2013A BONDS FOR EXCHANGE, BONDHOLDERS MUST READ THIS OFFER AND ALL APPENDICES TO THIS OFFER.

None of the Authority, the Dealer Manager or the Information Agent and Tender/Exchange Agent (as defined herein) makes any recommendation that any Bondholder tender or refrain from tendering all or any portion of such Bondholder's Target 2013 Bonds for purchase or such Bondholder's Target 2013A Bonds exchange. Bondholders must make these decisions and should read this Offer and consult with their broker, account executive, financial advisor, attorney and/or other appropriate professional in making these decisions.

Subject to the terms and conditions of the Tender Offer and the Exchange Offer, the Authority will purchase any and all Target 2013 Bonds tendered for purchase and cause the exchange of Series 2021B Bonds for any and all Target 2013A Bonds tendered for exchange, provided that (i) Target 2013 Bonds tendered for purchase have been validly tendered by 5:00 p.m., New York City time, on September 14, 2021 (as extended from time to time in accordance with this Offer, the "*Tender Offer Expiration Date*") and accepted by the Authority on or before 5:00 p.m., New York City time, on September 15, 2021 (the "*Tender Offer Acceptance Date*"), and (ii) Target 2013A Bonds tendered for exchange of Series 2021B Bonds have been validly tendered by 5:00 p.m., New York City time, on September 14, 2021 (as extended from time to time in accordance with this Offer, the "*Exchange Offer Expiration Date*") and accepted by the Authority on or before 5:00 p.m., New York City time, on September 15, 2021 (the "*Exchange Offer Acceptance Date*"), unless extended by the Authority, assuming all conditions to the applicable Authority Offer have then been satisfied or waived by the Authority (such date being the "*Settlement Date*"). Bondholders who tender Target 2013A Bonds for purchase or exchange on the Settlement Date will receive accrued interest on such Target 2013A Bonds to but not including the Settlement Date. Bondholders who tender Target 2013B Bonds for purchase on the Settlement Date will receive no interest of any kind.

In the event all conditions to an Authority Offer are not satisfied or waived by the Authority on or prior to the Settlement Date, any Target 2013 Bonds tendered pursuant to such Offer shall be returned to the Holder.

THIS OFFER IS PART OF A PLAN BY THE AUTHORITY TO REFINANCE SOME OF THE AUTHORITY'S OUTSTANDING INDEBTEDNESS, AS DESCRIBED IN THE SERIES 2021 POS. IT IS ANTICIPATED THAT, SUBJECT TO MARKET CONDITIONS, ALL OF THE TARGET 2013 BONDS NOT PURCHASED OR EXCHANGED PURSUANT TO THE AUTHORITY OFFERS WILL BE DEFEASED TO THEIR FIRST OPTIONAL CALL DATE FROM THE PROCEEDS OF THE SERIES 2021A BONDS ANTICIPATED TO BE ISSUED BY THE AUTHORITY ON OR ABOUT THE SETTLEMENT DATE AS DESCRIBED UNDER THE CAPTION "PLAN OF FINANCE" IN THE SERIES 2021 POS.

BY ACCEPTANCE OF THE EXCHANGE OFFER, A QUALIFIED INVESTOR OF TARGET 2013A BONDS WILL BE DEEMED TO HAVE APPROVED CERTAIN AMENDMENTS TO THE GENERAL INDENTURE AND THE AUTHORITY'S SERIES TRUST INDENTURE NUMBER 2013-3 DATED AS OF DECEMBER 1, 2013 (THE "PRIOR SERIES INDENTURE"). THE TIFIA LENDER (AS HEREIN DEFINED) AND THE HOLDERS OF THE SERIES 2021 BONDS CONSTITUTE A MAJORITY OF HOLDERS, AS REQUIRED BY THE GENERAL INDENTURE FOR AMENDING THE GENERAL INDENTURE AND THE PRIOR SERIES INDENTURE WITH THE AMENDMENTS, AS APPLICABLE. See "ADDITIONAL CONSIDERATIONS – Certain General Indenture Amendments" herein for more information.

Consideration for Authority Offers

On or about September 9, 2021, the Authority will publish the Notice of Purchase Prices and Exchange Factors (the "**Pricing Notice**"), which Pricing Notice will set forth (i) the prices to be paid by the Authority for each CUSIP for the Target 2013 Bonds tendered pursuant to the Tender Offer and (ii) the Exchange Factors, interest rates, maturity dates and optional redemption dates for the Series 2021B Bonds to be delivered in exchange for the Target 2013A Bonds tendered for exchange pursuant to the Exchange Offer.

The Pricing Notice will be made available: (i) at the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org> (the "**EMMA Website**"), using the CUSIP numbers for the Target 2013A Bonds listed in the "Target 2013A Bonds" table in this Offer; (ii) to DTC (defined below) and to the DTC participants holding the Target 2013 Bonds; and (iii) by posting electronically on the website of the Information Agent at <https://www.globic.com/kptia>.

Sources of Funds to Purchase Target 2013 Bonds and Pay Accrued Interest

The source of funds to purchase the Target 2013 Bonds validly tendered for purchase pursuant to the Tender Offer will be limited to the proceeds of the Series 2021B Bonds. The payment of accrued interest on Target 2013A Bonds validly tendered and accepted for purchase or exchange pursuant to the Authority Offers will be funded by the proceeds of the Series 2021B Bonds and from certain moneys available for such purpose under the General Indenture. The Series 2021B Bonds are described in the Series 2021 POS. Bondholders who tender Target 2013B Bonds for purchase on the Settlement Date will receive no interest of any kind. **THE PURCHASE OF ANY TARGET 2013 BONDS TENDERED PURSUANT TO THE TENDER OFFER AND THE EXCHANGE OF ANY TARGET 2013A BONDS TENDERED PURSUANT TO THE EXCHANGE OFFER IS CONTINGENT ON THE ISSUANCE BY THE AUTHORITY OF THE SERIES 2021B BONDS. THE ISSUANCE OF THE**

SERIES 2021B BONDS IS SUBJECT TO CONDITIONS TO BE SATISFIED ON OR PRIOR TO THE SETTLEMENT DATE.

Brokerage Commissions and Solicitation Fees

Bondholders will not be obligated to pay any brokerage commissions or solicitation fees to the Authority, the Dealer Manager, or the Information Agent and Tender/Exchange Agent in connection with the Authority Offers. However, Bondholders should check with their broker, bank, account executive or other financial institution which maintains the account in which their Target 2013 Bonds are held (their “*Financial Representative*”) to determine whether it will charge any commissions or fees.

Proposed Amendments to the General Indenture

Any Bondholder of a Target 2013A Bond that accepts the Exchange Offer and receives delivery of a Series 2021B Bond and each purchaser of Series 2021 Bonds will be deemed to have approved and agreed to certain amendments to the General Indenture and the Prior Series Indenture. The United States Department of Transportation, acting by and through the Administrator of the Federal Highways Administration (the “*TIFIA Lender*”) and the Holders of the Series 2021 Bonds constitute a majority of holders, as required by the General Indenture for amending the General Indenture and the Prior Series Indenture with the amendments, as applicable. See “ADDITIONAL CONSIDERATIONS – Certain General Indenture Amendments” herein for more information.

Dealer Manager, Information Agent and Tender/Exchange Agent

Citigroup Global Markets Inc., is the Dealer Manager for the Authority Offers. Investors with questions about the Authority Offers should contact the Dealer Manager or Globic Advisors, which serves as information agent and Tender/Exchange Agent (the “*Information Agent*” or the “*Tender/Exchange Agent*”) for the Authority Offers, at the addresses and telephone numbers set forth on the page preceding the Appendices appended to this Offer. See “DEALER MANAGER” and “INFORMATION AGENT AND TENDER/EXCHANGE AGENT” herein.

TERMS OF THE AUTHORITY OFFERS

Expiration Dates

Each Authority Offer will expire on the applicable Expiration Date, unless earlier terminated or extended, as described in this Offer. In the sole discretion of the Authority, Target 2013 Bonds tendered after 5:00 p.m., New York City time, on the applicable Expiration Date and prior to the acceptance of tenders by the Authority as described below under the heading “– Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results” may be accepted by the Authority for purchase or exchange. See “TERMS OF THE AUTHORITY OFFERS – Extension, Termination and Amendment of Each Authority Offer; Changes to Terms” below for a discussion of the Authority’s ability to extend the Expiration Dates and to terminate or amend the respective Authority Offers.

Offers Only Through the Authority’s ATOP Accounts

The Target 2013 Bonds are held in book-entry-only form through the facilities of The Depository Trust Company (“*DTC*”). The Authority, through the Information Agent and Tender/Exchange Agent, will establish Automated Tender Offer Program (“*ATOP*”) accounts at DTC for each Authority Offer to which this Offer relates promptly after the date of this Offer. Bondholders who wish to accept either Authority Offer may do so through the applicable ATOP Account.

ALL TENDERS FOR PURCHASE OR EXCHANGE MUST BE MADE THROUGH THE AUTHORITY'S ATOP ACCOUNTS. THE AUTHORITY WILL NOT ACCEPT ANY TENDERS FOR PURCHASE OR EXCHANGE THAT ARE NOT MADE THROUGH ITS ATOP ACCOUNTS. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THE AUTHORITY OFFERS.

Any financial institution that is a participant in DTC may make a book-entry tender of Target 2013 Bonds by causing DTC to transfer such Target 2013 Bonds into the Authority ATOP Account relating to the applicable Authority Offer, series, maturity and CUSIP number in accordance with DTC's procedures for such transfer. Bondholders who are not DTC participants can only tender Target 2013 Bonds pursuant to the Authority Offers by making arrangements with and instructing their Financial Representative to tender the Bondholder's Target 2013 Bonds through the applicable Authority ATOP account. To ensure a Bondholder's Target 2013 Bonds are tendered to the applicable Authority ATOP account by 5:00 p.m., New York City time, on the applicable Expiration Date, the Bondholder must provide instructions to the Bondholder's Financial Representative in sufficient time for the Financial Representative to tender the Target 2013 Bonds to the applicable Authority ATOP account by this deadline. A Bondholder should contact its Financial Representative for information as to when the Financial Representative needs the Bondholder's instructions in order to tender the Bondholder's Target 2013 Bonds to the applicable Authority ATOP account by 5:00 p.m., New York City time, on the applicable Expiration Date. See "– Tender of Target 2013 Bonds by Financial Institutions; Authority's ATOP Accounts."

The Authority, the Dealer Manager, and the Information Agent and Tender/Exchange Agent are not responsible for the transfer of any tendered Target 2013 Bonds to the applicable Authority ATOP account or for any mistakes, errors or omissions in the transfer of any tendered Target 2013 Bonds.

Information to Bondholders

The Authority may give information about the Authority Offers to the market and Bondholders by delivery of the information to the following institutions: Bloomberg Financial Market Systems, MuniOS and the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org> ("**EMMA**"). These institutions, together with the Information Agent are collectively referred to herein as the "**Information Services**." The Information Agent will deliver information provided to it by the Authority through its website, <https://www.globic.com/kptia>. Delivery by the Authority of information to the Information Services will be deemed to constitute delivery of this information to each Bondholder.

The Authority, the Dealer Manager, and the Information Agent and Tender/Exchange Agent have no obligation to ensure that a Bondholder actually receives any information given to the Information Services.

Bondholders who would like to receive information transmitted by or on behalf of the Authority to the Information Services may receive such information from the Dealer Manager or the Information Agent and Tender/Exchange Agent by contacting them using the contact information on the page preceding the Appendices appended to this Offer or by making appropriate arrangements with its account executive or directly with the Information Services.

Any updates to this Offer, including, without limitation any supplements to the Series 2021 POS, will be distributed through the Information Services. The final Official Statement with respect to the Series 2021 Bonds will be posted to EMMA.

Minimum Denominations and Consideration

A Bondholder may tender Target 2013 Bonds for purchase or Target 2013A Bonds for exchange of a particular CUSIP number that it owns in an amount of its choosing, but only in a principal amount equal to the minimum denomination of \$5,000 (the “**Minimum Authorized Denomination**”) or any integral multiple of \$5,000 in excess thereof.

The Pricing Notice will be made available by the Authority no later than Noon on September 9, 2021: (i) at the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org> (the “**EMMA Website**”), using the CUSIP numbers for the Target 2013A Bonds listed in the “Target 2013A Bonds” table in this Offer; (ii) to DTC (defined below) and to the DTC participants holding the Target 2013 Bonds; and (iii) by posting electronically on the website of the Information Agent at <https://www.globic.com/kptia>.

Tender Consideration. The purchase price for Target 2013 Bonds for each particular CUSIP tendered pursuant to the Tender Offer will be set forth in the Pricing Notice (each a “**Purchase Price**,” and together the “**Purchase Prices**”).

Exchange Consideration. Target 2013A Bonds tendered for exchange may be exchanged for a principal amount of Series 2021B Bonds. The Exchange Factors, interest rates, maturity dates and optional redemption dates for the Series 2021B Bonds to be delivered in exchange for the Target 2013A Bonds tendered for exchange pursuant to the Exchange Offer will be set forth in the Pricing Notice. The Series 2021B Bonds will be dated as of the Settlement Date and will be issued with the terms described in the Series 2021 POS.

Participation in the Exchange Offer is limited to Holders that are sophisticated municipal market professionals as defined in Rule D-15 of the Municipal Securities Rulemaking Board or “qualified institutional buyers” within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (each a “**Qualified Investor**”).

Accrued Interest on the Target 2013A Bonds

The Purchase Price of the Target 2013A Bonds will not be deemed to include any amount representing the interest which will have accrued on a tendered Target 2013A Bond of a particular CUSIP number from the last payment of interest thereon to but not including the Settlement Date (“**Accrued Interest**”). In addition to the Purchase Prices of the Target 2013A Bonds accepted for purchase by the Authority, Accrued Interest on such Target 2013A Bonds will be paid by, or on behalf of, the Authority to the tendering Bondholders on the Settlement Date. Similarly, the Accrued Interest on the Target 2013A Bonds accepted for exchange pursuant to the Exchange Offer will be paid by, or on behalf of, the Authority to the tendering Bondholders on the Settlement Date.

No Accrued Interest on the Target 2013B Bonds

The Purchase Price of the Target 2013B Bonds is inclusive of all tender consideration to be paid on the Settlement Date. No additional consideration, including Accrued Interest of any kind, will be paid to tendering Bondholders of Target 2013B Bonds.

Provisions Applicable to All Tenders

Need for Advice. A Bondholder should ask its Financial Representative or financial advisor for help in determining: (a) whether to tender Target 2013 Bonds of a particular CUSIP number, and (b) the principal amount of Target 2013 Bonds of such CUSIP number to be tendered. A Bondholder also should

inquire as to whether its Financial Representative or financial advisor will charge a fee for submitting a tender if the Authority purchases or exchanges the Bondholder's tendered Target 2013 Bonds. The Authority, the Dealer Manager, and the Information Agent and Tender/Exchange Agent will not charge any Bondholder a fee for tendering Target 2013 Bonds.

Need for Specificity of Tender. A tender cannot exceed the par amount of Target 2013 Bonds owned by the Bondholder and must include the following information: (1) the CUSIP number(s) of the Target 2013 Bond(s) being tendered, and (2) the principal amount of each CUSIP number being tendered (such principal amount must be stated in integral multiples of \$5,000 and if not so stated, for tenders of less than all of the holder's position in the Target 2013 Bonds, such principal amount will be reduced to the greatest integral multiple of \$5,000).

Target 2013 Bonds may be tendered and accepted for payment only in principal amounts equal to the Minimum Authorized Denomination and integral multiples of \$5,000 in excess thereof. Holders who tender less than all of their Target 2013 Bonds must continue to hold their Target 2013 Bonds in at least the Minimum Authorized Denomination and integral multiples of \$5,000 in excess thereof. No alternative, conditional or contingent tenders will be accepted.

ALL TENDERS FOR PURCHASE OR EXCHANGE MUST BE MADE THROUGH THE APPLICABLE AUTHORITY ATOP ACCOUNT. THE AUTHORITY WILL NOT ACCEPT ANY TENDERS FOR PURCHASE OR EXCHANGE THAT ARE NOT MADE THROUGH ITS ATOP ACCOUNTS. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THE AUTHORITY OFFERS. See “– Tender of Target 2013 Bonds by Financial Institutions; Authority's ATOP Accounts.”

General. A Bondholder may only tender Target 2013 Bonds it owns or controls. By tendering Target 2013 Bonds pursuant to either Authority Offer, a Bondholder will be deemed to have represented and agreed with the Authority as set forth below under “– Representations by Tendering Bondholders to the Authority.” All tenders shall survive the death or incapacity of the tendering Bondholder.

Bondholders who would like to receive information furnished by the Authority to the Information Services must make appropriate arrangements with their Financial Representatives or financial advisors, or the Information Agent and Tender/Exchange Agent.

Representations by Tendering Bondholders to the Authority

By tendering Target 2013 Bonds for purchase or Target 2013A Bonds for exchange, each tendering Bondholder will be deemed to have represented to and agreed with the Authority that:

(a) the Bondholder has received this Offer and has had the opportunity to review prior to making its decision to tender Target 2013 Bonds, and agrees if the purchase or exchange of any tendered Target 2013 Bonds is consummated, the purchase or exchange of such Target 2013 Bonds shall be on the terms and conditions set forth in this Offer;

(b) the Bondholder has full power and authority to tender, sell, assign and transfer the tendered Target 2013 Bonds; and on the Settlement Date, the Authority will acquire good, marketable and unencumbered title thereto, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any adverse claims, subject to payment to the Bondholder of the applicable Purchase Price(s) or the exchange of the required principal amount of Series 2021B Bonds maturing in the same year, as applicable, plus, in the case of the Target 2013A Bonds, Accrued Interest;

(c) the Bondholder has made its own independent decision to tender all or a portion of its Target 2013 Bonds for purchase or target 2013A Bonds for exchange pursuant to the applicable Authority Offer, and as to the terms thereof, and such decision is based upon the Bondholder's own judgment and upon advice from such advisors whom the Bondholder has determined to consult;

(d) the Bondholder is not relying on any communication from the Authority, the Dealer Manager or the Information Agent and Tender/Exchange Agent as investment advice or as a recommendation to tender all or a portion of the Bondholder's Target 2013 Bonds at the applicable Purchase Price or the Bondholder's Target 2013A Bonds in exchange for the applicable principal amount of Series 2021B Bonds, it being understood that the information from the Authority, the Dealer Manager and the Information Agent and Tender/Exchange Agent related to the terms and conditions of the respective Authority Offers made pursuant to this Offer shall not be considered investment advice or a recommendation to tender Target 2013 Bonds;

(e) the Bondholder is capable of assessing the merits and risks of and understanding (on its own and/or through independent professional advice), and does understand, agree and accept, the terms and conditions of the Authority Offers; and

(f) if such tender is in respect of the Exchange Offer, such Bondholder of Target 2013A Bonds is a sophisticated municipal market professional as defined in Rule D-15 of the Municipal Securities Rulemaking Board or a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended.

Tender of Target 2013 Bonds by Financial Institutions; the Authority's ATOP Accounts

The Authority, through the Information Agent and Tender/Exchange Agent, will establish the Authority's ATOP accounts at DTC for each Authority Offer to which this Offer relates promptly after the date of this Offer. Tenders of Target 2013 Bonds pursuant to the respective Authority Offers may only be made by transfer to the respective Authority ATOP accounts. Any financial institution that is a participant in DTC may make a book-entry tender of the Target 2013 Bonds by causing DTC to transfer such Target 2013 Bonds into the Authority ATOP account corresponding to the applicable Authority Offer in accordance with DTC's procedures.

Concurrently with the delivery of Target 2013 Bonds through book-entry transfer into the applicable Authority ATOP account, an Agent's Message (as described below) in connection with such book-entry transfer must be transmitted to and received at the related Authority ATOP account by not later than 5:00 p.m., New York City time, on the applicable Expiration Date, *provided, however*, a tender of Target 2013 Bonds related to an Agent's Message transmitted to the applicable Authority ATOP account after such time may be accepted by the Authority for purchase or exchange if the Authority, in its sole discretion, waives the late delivery of such message. The confirmation of a book-entry transfer to either of Authority's ATOP accounts as described above is referred to herein as a "**Book-Entry Confirmation**." The term "**Agent's Message**" means a message transmitted by DTC to, and received by, the Information Agent and Tender/Exchange Agent and forming a part of a Book-Entry Confirmation which states that DTC has received an express acknowledgment from the DTC participant tendering Target 2013 Bonds that are the subject of such Book-Entry Confirmation, stating the CUSIP number(s) and the principal amount(s) of the Target 2013 Bonds that have been tendered by such participant pursuant to the applicable Authority Offer, and to the effect that such participant agrees to be bound by the terms of the applicable Authority Offer. By causing DTC to transfer Target 2013 Bonds into the applicable Authority ATOP account, a financial institution warrants to the Authority that it has full authority, and has received from the Bondholder(s) of such Target 2013 Bonds all direction necessary, to tender, transfer and sell or exchange such Target 2013 Bonds as set forth in this Offer.

Submission of Target 2013A Bonds into the ATOP account related to the Exchange Offer by the DTC participant on behalf of the Holder will constitute a certification to the Authority that those Target 2013A Bonds are owned by a Qualified Investor.

ALL TENDERS FOR PURCHASE OR EXCHANGE MUST BE MADE THROUGH THE APPLICABLE AUTHORITY ATOP ACCOUNT. THE AUTHORITY WILL NOT ACCEPT ANY TENDERS FOR PURCHASE OR EXCHANGE THAT ARE NOT MADE THROUGH ITS ATOP ACCOUNTS. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THE AUTHORITY OFFERS.

Bondholders who are not DTC participants can only tender Target 2013 Bonds pursuant to the Authority Offers by making arrangements with and instructing their Financial Representative to tender the Bondholder's Target 2013 Bonds through the applicable Authority ATOP account. To ensure a Bondholder's Target 2013 Bonds are tendered to the applicable Authority ATOP account by 5:00 p.m., New York City time, on the applicable Expiration Date, a Bondholder must provide instructions to its Financial Representative in sufficient time for the Financial Representative to tender the Bondholder's Target 2013 Bonds to the applicable Authority ATOP account by this deadline. A Bondholder should contact its Financial Representative for information as to when the Financial Representative needs the Bondholder's instructions in order to tender the Bondholder's Target 2013 Bonds to the applicable Authority ATOP account by 5:00 p.m., New York City time, on the applicable Expiration Date.

Determinations as to Form and Validity of the Authority Offers; Right of Waiver and Rejection

All questions as to the validity (including the time of receipt at the applicable Authority ATOP account), form, eligibility and acceptance of any Target 2013 Bonds tendered for purchase pursuant to the Tender Offer or Target 2013A Bonds for exchange pursuant to the Exchange Offer will be determined by the Authority in its sole discretion and such determinations will be final, conclusive and binding.

The Authority reserves the right to waive any irregularities or defects in any tender. The Authority, the Dealer Manager, and the Information Agent and Tender/Exchange Agent are not obligated to give to the tendering Bondholder notice of any defects or irregularities in its tender and they will have no liability for failing to give such notice.

Withdrawals of Tenders Prior to an Expiration Date

Tenders of Target 2013 Bonds may be withdrawn prior to the applicable Expiration Date. **ALL TENDERS OF TARGET 2013 BONDS SHALL BE IRREVOCABLE UPON THE APPLICABLE EXPIRATION DATE.**

Acceptance of Tenders for Purchase or Exchange

As of the Acceptance Date, upon the terms and subject to the conditions of the respective Authority Offers, as set forth in this Offer, the Authority will elect to accept for purchase any and all outstanding Target 2013 Bonds validly tendered pursuant to the Tender Offer (or defectively tendered, if such defect has been waived by the Authority), with acceptance subject to the satisfaction or waiver by the Authority of the conditions to the purchase of tendered Target 2013 Bonds. See “– Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results” and “– Conditions to Purchase or Exchange.”

As of the Acceptance Date, upon the terms and subject to the conditions of the respective Authority Offers, as set forth in this Offer, the Authority will elect to accept for exchange any and all

outstanding Target 2013A Bonds validly tendered pursuant to the Exchange Offer (or defectively tendered, if such defect has been waived by the Authority), with acceptance subject to the satisfaction or waiver by the Authority of the conditions to the exchange of tendered Target 2013A Bonds. See “– Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results” and “– Conditions to Purchase or Exchange.”

Notwithstanding any other provision of this Offer, the consummation of the Authority Offers and the Authority’s obligation to accept for purchase and to pay for Target 2013 Bonds validly tendered (and not validly withdrawn) pursuant to the Tender Offer and to exchange Target 2013A Bonds validly tendered (and not validly withdrawn) pursuant to the Exchange Offer are subject to the satisfaction of or waiver of the Financing Conditions (see “INTRODUCTION – General” herein) and the other conditions set forth in “Conditions to Purchase or Exchange” below. The Authority reserves the right, in its sole discretion, subject to applicable law, to amend or waive any of the conditions to the Authority Offers, in whole or in part, at any time prior to the applicable Expiration Date. The Authority Offers may be withdrawn by the Authority at any time prior to the applicable Expiration Date.

Acceptance of Tender Constitutes Irrevocable Agreement; Notice of Results

Acceptance by the Authority of Target 2013 Bonds tendered for purchase or Target 2013A Bonds tendered for exchange will constitute an irrevocable agreement between the offering Bondholder and the Authority to sell and purchase such Target 2013 Bonds or exchange such Target 2013A Bonds for the applicable principal amount of Series 2021B Bonds, subject to satisfaction of all conditions to the Authority’s obligation to purchase and exchange, as applicable, tendered Target 2013 Bonds and the other terms of the respective Authority Offers and this Offer. See “Minimum Denominations and Consideration” herein and “– Conditions to Purchase or Exchange” below.

The acceptance of Target 2013 Bonds tendered for purchase or Target 2013A Bonds tendered for exchange is expected to be made by notification to the Information Services no later than 5:00 p.m., New York City time, on the applicable Acceptance Date. This notification will state the principal amount of the Target 2013 Bonds of each CUSIP number that the Authority has agreed to purchase and the Target 2013A Bonds of each CUSIP number that the Authority has agreed to exchange in accordance with the respective Authority Offers, which may be zero for a particular CUSIP number. Additionally, all Holders whose tendered Target 2013A Bonds are accepted for exchange by the Authority pursuant to the Exchange Offer will be provided with an electronic copy of the Official Statement, relating to the Series 2021B Bonds, through its posting to EMMA by the Dealer Manager.

Settlement Date; Purchase and Exchange of Target 2013 Bonds

Subject to satisfaction of all conditions to the Authority’s obligation to purchase tendered Target 2013 Bonds or exchange tendered Target 2013A Bonds, as applicable and as described herein, including, without limitation, the Financing Conditions, the Settlement Date is the day on which Target 2013 Bonds accepted for purchase will be purchased at the applicable Purchase Price(s) and the Target 2013A Bonds accepted for exchange for the applicable principal amount of Series 2021B Bonds, plus, in each case, Accrued Interest on the Target 2013A Bonds to the Settlement Date. The Settlement Date will occur following the Acceptance Dates, subject to all conditions to the applicable Authority Offer having been satisfied or waived by the Authority. The expected Settlement Date is October 7, 2021, unless extended by the Authority, assuming all conditions to the applicable Authority Offer have been satisfied or waived by the Authority. Bondholders whose Target 2013A Bonds are accepted for purchase or whose Target 2013A Bonds are accepted for exchange on the Settlement Date will receive Accrued Interest.

Bondholders whose Target 2013B Bonds are accepted for purchase on the Settlement Date will not receive Accrued Interest.

The Authority may, in its sole discretion, change the Settlement Date by giving notice to the Information Services prior to the change. See “– Conditions to Purchase or Exchange.”

Subject to satisfaction of all conditions to the Authority’s obligation to purchase Target 2013 Bonds tendered for purchase pursuant to the Tender Offer, as described herein, payment by the Authority, or on the Authority’s behalf, will be made in immediately available funds on the Settlement Date by deposit with DTC of the aggregate Purchase Price and Accrued Interest on the Target 2013A Bonds accepted for purchase. The Authority expects that, in accordance with DTC’s standard procedures, DTC will transmit the aggregate Purchase Price (plus Accrued Interest on the Target 2013A Bonds accepted for purchase) in immediately available funds to each of its participant financial institutions holding the Target 2013 Bonds accepted for purchase on behalf of Bondholders for delivery to the Bondholders. **The Authority, the Dealer Manager, and the Information Agent and Tender/Exchange Agent have no responsibility or liability for the distribution of the Purchase Prices plus Accrued Interest on the Target 2013A Bonds by DTC to the Bondholders.**

Subject to satisfaction of all conditions to the Authority’s obligation to exchange Series 2021B Bonds maturing in the same year for Target 2013A Bonds tendered for exchange pursuant to the Exchange Offer, as described herein, such exchange will occur on the Settlement Date by delivery through DTC of such Series 2021B Bonds and Accrued Interest on such Target 2013A Bonds. The Authority expects that, in accordance with DTC’s standard procedures, DTC will credit the account of each of its participant financial institutions holding the Target 2013A Bonds tendered for exchange on behalf of Bondholders with the applicable amount of Series 2021B Bonds maturing in the same year (plus Accrued Interest on the Target 2013A Bonds) in immediately available funds for delivery to the Bondholders. **The Authority, the Dealer Manager, and the Information Agent and Tender/Exchange Agent have no responsibility or liability for the delivery of the Series 2021B Bonds and Accrued Interest on the Target 2013A Bonds by DTC to the Bondholders.**

Purchase and Accrued Interest Funds

The source of funds to pay the principal portion of the Purchase Price of the Target 2013 Bonds validly tendered for purchase pursuant to the Tender Offer is anticipated to be proceeds of the Series 2021B Bonds and certain moneys available for such purpose under the General Indenture. The source of funds for payment of Accrued Interest on Target 2013A Bonds validly tendered and accepted for purchase or exchange will be from the proceeds of the Series 2021B Bonds and certain moneys available for such purpose under the General Indenture. The purchase of any Target 2013 Bonds tendered pursuant to the Tender Offer and the exchange of any Target 2013A Bonds tendered pursuant to the Exchange Offer is contingent on the issuance by the Authority of the Series 2021B Bonds, as well as certain other conditions which must be satisfied on or prior to the Settlement Date. See “INTRODUCTION – General” and “– Conditions to Purchase or Exchange” herein for more information on the conditions precedent to the Authority Offers.

Conditions to Purchase or Exchange

In addition to the Financing Conditions (see “INTRODUCTION – General” herein), if after an Acceptance Date, but prior to payment for Target 2013 Bonds or exchange of Target 2013A Bonds accepted by the Authority on the Settlement Date, any of the following events should occur, the Authority will have the absolute right to cancel its obligations to purchase Target 2013 Bonds or exchange Target 2013A Bonds without any liability to any Bondholder:

- Litigation or another proceeding is pending or threatened which the Authority reasonably believes may, directly or indirectly, have an adverse impact on either Authority Offer or the expected benefits of either Authority Offer to the Authority or the Bondholders;
- A war, national emergency, banking moratorium, suspension of payments by banks, a general suspension of trading by the New York Stock Exchange or a limitation of prices on the New York Stock Exchange exists and the Authority reasonably believes this fact makes it inadvisable to proceed with the purchase of the Target 2013 Bonds or the exchange for Target 2013A Bonds;
- A material change in the business or affairs of the Authority has occurred which the Authority reasonably believes makes it inadvisable to proceed with the purchase of the Target 2013 Bonds or the exchange for Target 2013A Bonds;
- A material change in the net economics of the transaction has occurred due to a material change in market conditions which the Authority reasonably believes makes it inadvisable to proceed with the purchase of the Target 2013 Bonds or the exchange for Target 2013A Bonds; or
- If, for any reason, the Series 2021B Bonds are not issued.

These conditions (including the Financing Conditions) are for the sole benefit of the Authority and may be asserted by the Authority, prior to the time of payment of the Target 2013 Bonds it has agreed to purchase or exchange of the Target 2013A Bonds it has agreed to exchange, regardless of the circumstances giving rise to any of these conditions or may be waived by the Authority in whole or in part at any time and from time to time in its discretion, and may be exercised independently for each maturity and interest rate within the Target 2013 Bonds. The failure by the Authority at any time to exercise any of these rights will not be deemed a waiver of any of these rights, and the waiver of these rights with respect to particular facts and other circumstances will not be deemed a waiver of these rights with respect to any other facts and circumstances. Each of these rights will be deemed an ongoing right of the Authority which may be asserted at any time and from time to time prior to the time of payment of the Target 2013 Bonds it has agreed to purchase or exchange of the Target 2013A Bonds it has agreed to exchange. Any determination by the Authority concerning the events described in this section will be final and binding upon all parties.

Extension, Termination and Amendment of Each Authority Offer; Changes to Terms

Through and including an Expiration Date, the Authority has the right to extend either Authority Offer, as to any or all of the Target 2013 Bonds, to any date in its sole discretion, provided that a notice of any extension of an Expiration Date is given to the Information Services, including by posting such notice to EMMA on or about 9:00 a.m., New York City time, on the first business day after the applicable Expiration Date.

The Authority also has the right, prior to acceptance of Target 2013 Bonds tendered for purchase or Target 2013A Bonds for exchange as described above under the heading “– Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results,” to terminate either Authority Offer at any time by giving notice to the Information Services. The termination will be effective at the time specified in such notice.

The Authority also has the right, prior to acceptance of Target 2013 Bonds tendered for purchase or Target 2013A Bonds tendered for exchange as described above under the heading “– Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results,” to amend or waive the terms of either

Authority Offer in any respect and at any time by giving notice to the Information Services. This amendment or waiver will be effective at the time specified in such notice.

If the Authority extends either Authority Offer, or amends the terms of either Authority Offer (including a waiver of any term thereof) in any material respect, the Authority may (but is not required to) disseminate additional Offer material and extend such Authority Offer to the extent required to allow reasonable time for dissemination to Bondholders and for Bondholders to respond.

No extension, termination or amendment of an Authority Offer (or waiver of any terms of any Authority Offer or this Offer) will change the Authority's right to decline to purchase Target 2013 Bonds or exchange any Target 2013A Bonds without liability. See "– Conditions to Purchase or Exchange."

The Authority, the Dealer Manager and the Information Agent and Tender/Exchange Agent have no obligation to ensure that a Bondholder actually receives any information given to the Information Services.

AVAILABLE INFORMATION

Certain information relating to the Target 2013 Bonds and the Authority may be obtained by contacting the Information Agent and Tender/Exchange Agent at the contact information set forth on the page preceding the Appendices appended to this Offer. Such information is limited to (i) this Offer, including the information set forth in the Series 2021 POS which is attached hereto as EXHIBIT A, and (ii) information about the Authority available through EMMA.

ADDITIONAL CONSIDERATIONS

In deciding whether to participate in either of the Authority Offers, each Bondholder should consider carefully, in addition to the other information contained in this Offer, the following:

Certain General Indenture Amendments

On April 30, 2021, the Authority adopted a resolution (the "Bond Resolution") that authorized a First Supplemental General Trust Indenture (the "Supplemental Indenture") between the Authority and the Trustee. The Supplemental Indenture amended the General Indenture and the Prior Series Indenture, between the Authority and the Trustee, subject to the consent of 51% of the holders of Outstanding Bonds, as required by the General Indenture. In addition, the Bond Resolution authorized amendment of the Prior Series Indenture so that the outstanding Series 2013C Bonds comply with the Debt Service Reserve Fund requirements of the Series 2021 Bonds.

The TIFIA Lender has consented to such amendments. By acceptance of a confirmation of purchase of the Series 2021 Bonds, each Beneficial Owner will be deemed to have approved and agreed to the amendments. The consent of the TIFIA Lender and Holders of the Series 2021 Bonds constitutes a majority of holders, as required by the General Indenture for amending the General Indenture and the Prior Series Indenture, as applicable.

Consequently, on the date of execution and delivery of the Series 2021 Bonds, the amendments will become effective. Such amendments are incorporated into the summary of those provisions set forth in the Official Statement. See APPENDIX B – "SUMMARY OF GENERAL TRUST INDENTURE".

Market for Target 2013 Bonds

The Target 2013 Bonds are not listed on any national or regional securities exchange. To the extent that the Target 2013 Bonds are traded, their prices may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Bondholders may be able to effect a sale of the Target 2013 Bonds at a price higher than the Purchase Price(s) established in connection with the Tender Offer.

Treatment of Target 2013 Bonds Not Tendered Pursuant to the Authority Offers

This Offer is part of a plan by the Authority to refinance some of the Authority's outstanding indebtedness, as described in the Series 2021 POS. It is anticipated that, subject to market conditions, all of the Target 2013 Bonds not purchased pursuant to the Tender Offer or Target 2013A Bonds exchanged pursuant to the Exchange Offer will be defeased to their first optional call date from the proceeds of the Series 2021A Bonds anticipated to be issued by the Authority on or about the Settlement Date as described under the caption "PLAN OF FINANCE" in the SERIES 2021 POS.

Target 2013A Bonds Tendered by Qualified Investors for Exchange

Qualified Investors who tender their Target 2013A Bonds for exchange in the Exchange Offer will receive a principal amount of Series 2021B Bonds maturing in the same year determined by multiplying the par amount of Target 2013A Bonds tendered for exchange by the Exchange Factor set forth in the Pricing Notice. In addition, Qualified Investors are invited to participate in both the Exchange Offer and the Tender Offer. After consummation of the Exchange Offer, the aggregate outstanding principal amount of Series 2021B Bonds may be less than the remaining aggregate outstanding principal amount of the Target 2013A Bonds subject to the Exchange Offer. Therefore, participation by a Qualified Investor in the Exchange Offer could adversely affect the liquidity of such Bondholder's position in comparison to such Qualified Investor's prior position in the Target 2013A Bonds. As noted herein, each Holder who participates in the Exchange Offer must be a sophisticated municipal market professional as defined in Rule D-15 of the Municipal Securities Rulemaking Board or a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended.

The Authority May Later Acquire Target 2013 Bonds at More Favorable Prices or in Exchange for Different Consideration

The Authority reserves the right to, and may in the future decide to, acquire some or all of the Target 2013 Bonds not purchased pursuant to the Tender Offer or Target 2013A Bonds not exchanged pursuant to the Exchange Offer through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers or otherwise, upon such terms and at such prices as it may determine, which may be more or less than the consideration offered pursuant to the Authority Offers set forth in this Offer, which could be cash or other consideration. Any future acquisition of Target 2013 Bonds may be on the same terms or on terms that are more or less favorable to Bondholders than the terms of the Authority Offers described in this Offer. The decision to make future purchases or exchanges of 2013 Bonds by the Authority and the terms of such future transactions will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, the Authority will ultimately choose to pursue in the future.

Timeliness of Offers

The Authority Offers will expire at 5:00 p.m., New York City time, on the Tender Offer Expiration Date (currently scheduled for September 14, 2021) and the Exchange Offer Expiration Date (currently scheduled for September 14, 2021), unless either is extended or terminated. Target 2013 Bonds tendered for purchase as described in this Offer after 5:00 p.m., New York City time, on the applicable Expiration Date will not be considered.

Acceptance Dates

Notification of acceptance of Target 2013 Bonds tendered pursuant to the Authority Offers will be given on or before 5:00 p.m., New York City time, on the Tender Offer Acceptance Date (currently scheduled for September 15, 2021) and the Exchange Offer Acceptance Date (currently Scheduled for September 15, 2021), unless an Expiration Date is extended or the Authority Offers are terminated. See “TERMS OF THE AUTHORITY OFFERS – Acceptance of Tenders for Purchase or Exchange” herein.

SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a general summary of the U.S. federal income tax consequences for tendering Bondholders. The discussion is based on the Internal Revenue Code of 1986, as amended (the “**Code**”), the Treasury Regulations promulgated thereunder, and relevant rulings and decisions now in effect, all of which are subject to change or differing interpretations. No assurances can be given that future changes in U.S. federal income tax laws will not alter the conclusions reached herein. The discussion below does not purport to deal with U.S. federal income tax consequences applicable to all categories of investors. Further, this summary does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular investor in the Target 2013 Bonds or the Series 2021B Bonds in light of the investor’s particular circumstances or to certain types of investors subject to special treatment under U.S. federal income tax laws (including individuals who are neither citizens nor residents of the United States; foreign corporations, trusts and estates, in each case, as defined for U.S. federal income tax purposes; insurance companies; tax-exempt organizations; financial institutions; brokers-dealers; partnerships and other entities classified as partnerships for U.S. federal income tax purposes; and persons who have hedged the risk of owning the Target 2013 Bonds). Tendering Bondholders should note that no rulings have been or will be sought from the Internal Revenue Service (the “**IRS**”), and no assurance can be given that the IRS will not take contrary positions, with respect to any of the U.S. federal income tax consequences discussed below. This U.S. federal income tax discussion is included for general information only and should not be construed as a tax opinion nor tax advice by the Authority, or any of its advisors or agents, to the Bondholders, and Bondholders therefore should not rely upon such discussion. This discussion assumes that the Series 2021B Bonds are held by the Bondholders as “capital assets” within the meaning of section 1221 of the Code.

The discussion does not deal with special classes of beneficial owners of the Target 2013 Bonds or the Series 2021B Bonds, such as dealers or traders in securities, investors that elect mark to market accounting, banks, financial institutions, insurance companies, retirement plans or other tax-deferred or tax advantaged accounts, tax-exempt organizations, partnerships or other pass-through entities (or entities treated as such for U.S. federal income tax purposes), U.S. expatriates, persons holding Target 2013 Bonds or Series 2021B Bonds as a part of a hedging, integration, conversion or constructive sale transaction or a straddle, Bondholders that are “United States persons,” as defined in section 7701(a)(30) of the Code (“**U.S. Holders**”) and are subject to the alternative minimum tax, U.S. Holders that have a functional currency other than the U.S. Dollar, and persons who are not U.S. Holders (all of such Holders should consult their tax advisors).

If a partnership or other flow-through entity holds the Target 2013 Bonds or the Series 2021B Bonds, the tax treatment of a partner in the partnership or beneficial owner of the flow-through entity generally will depend upon the status of the partner or owner and the activities of the partnership or flow-through entity. A partner of a partnership or a beneficial owner of a flow-through entity holding Target 2013 Bonds or Series 2021B Bonds should consult its own tax advisor regarding the U.S. federal income tax consequences of the Authority Offers.

Non-tendering Bondholders will not be subject to any U.S. federal income tax consequences in connection with the Tender Offer or the Exchange Offer.

BONDHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE U.S. FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE TENDER OF THE TARGET 2013 BONDS PURSUANT TO THE AUTHORITY OFFERS.

A Bondholder who tenders Target 2013 Bonds pursuant to the Authority Offers will generally recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the (1) the amount realized by the Bondholder, and (2) the Bondholder's adjusted tax basis in the tendered Target 2013 Bonds.

Any gain or loss arising in connection with a taxable sale or exchange pursuant to the Authority Offers may be capital gain or loss (either long-term or short-term, depending on the Bondholder's holding period for the tendered Target 2013 Bonds) or may be ordinary income or loss, depending on the particular circumstances of the tendering Bondholder. Non-corporate holders may be eligible for reduced rates of U.S. federal income tax on long-term capital gains. The deductibility of capital losses is subject to various limitations.

Bondholders that are U.S. Holders will be subject to "backup withholding" of federal income tax in the event they fail to furnish a taxpayer identification number or there are other, related compliance failures.

DEALER MANAGER

The Authority has retained Citigroup Global Markets Inc. ("**Citigroup**") to act on its behalf as Dealer Manager for the Authority Offers. The Authority has agreed to pay the Dealer Manager customary fees for its services and to reimburse the Dealer Manager for its reasonable out-of-pocket costs and expenses relating to the Authority Offers. References in this Offer to the Dealer Manager are to Citigroup only in its capacity as the Dealer Manager.

The Dealer Manager may contact Bondholders regarding the Authority Offers and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward this Offer to beneficial owners of the Target 2013 Bonds.

The Dealer Manager and its affiliates together comprise a full-service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Dealer Manager and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Authority for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Dealer Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank

loans and/or credit default swaps) for its own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the Authority, including the Target 2013 Bonds. Affiliates of the Dealer Manager may have holdings of Target 2013 Bonds that they are unable to disclose for legal or regulatory reasons.

In addition to its role as Dealer Manager for the Target 2013 Bonds, Citigroup is also serving as an Underwriter for the Series 2021 Bonds as described in EXHIBIT A.

The Dealer Manager is not acting as a financial or municipal advisor to the Authority in connection with the Tender Offer.

INFORMATION AGENT AND TENDER/EXCHANGE AGENT

The Authority has retained Globic Advisors to serve as Information Agent and Tender/Exchange Agent for the Authority Offers. The Authority has agreed to pay the Information Agent and Tender/Exchange Agent customary fees for its services and to reimburse the Information Agent and Tender/Exchange Agent for its reasonable out-of-pocket costs and expenses relating to the Authority Offers.

MISCELLANEOUS

No one has been authorized by the Authority, the Dealer Manager, or the Information Agent and Tender/Exchange Agent to recommend to any Bondholder whether to tender Target 2013 Bonds pursuant to the Authority Offers or the amount of Target 2013 Bonds to tender. No one has been authorized to give any information or to make any representation in connection with the Authority Offers other than those contained in this Offer. Any recommendations, information and representations given or made cannot be relied upon as having been authorized by the Authority, the Dealer Manager or the Information Agent and Tender/Exchange Agent.

None of the Authority, the Dealer Manager, or the Information Agent and Tender/Exchange Agent make any recommendation that any Bondholder tender or refrain from tendering all or any portion of the principal amount of such Bondholder's Target 2013 Bonds. Bondholders must make these decisions and should read this Offer and consult with their broker, account executive, financial advisor, attorney and/or other professional in making these decisions.

Reference in this Offer to the Dealer Manager is to Citigroup Global Markets Inc. only in its capacity as Dealer Manager.

Investors with questions about the Authority Offers should contact the Dealer Manager or the Information Agent and Tender/Exchange Agent. The contact information for the Dealer Manager and the Information Agent and Tender/Exchange Agent is as follows:

The Dealer Manager for the Authority Offers is:

Citigroup Global Markets Inc.
388 Greenwich Street, 4th Floor Trading
New York, New York 10013
Tel: 212-723-4453
Attn: Mike Leffler
Email: mike.leffler@citi.com

The Information Agent and Tender/Exchange Agent for the Authority Offers is:

Globic Advisors

485 Madison Avenue, 7th Floor

New York, New York 10022

Tel: (212) 227-9622

Attn: Robert Stevens

Email: rstevens@globic.com

Document Website: www.globic.com/kptia

EXHIBIT A
PRELIMINARY OFFICIAL STATEMENT

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PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 23, 2021

NEW ISSUE/BOOK-ENTRY ONLY

RATINGS: See "RATINGS" herein.

In the opinion of Bond Counsel, based upon an analysis of laws, regulations, rulings and court decisions, interest on the Series 2021A Bonds is includible in gross income of the holders thereof for Federal income tax purposes. In the opinion of Bond Counsel, based upon an analysis of laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain covenants made by the Authority, and subject to the conditions and limitations set forth herein under the caption "TAX MATTERS," interest on the Series 2021B Bonds is excludible from gross income for Federal income tax purposes and is not a specific item of tax preference for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Series 2021 Bonds is exempt from Kentucky income tax and the Series 2021 Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.



KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

\$191,810,000*

**First Tier Toll Revenue Refunding Bonds, Series 2021 (Downtown Crossing Project)
consisting of**

\$191,810,000*

**First Tier Toll Revenue Refunding Bonds,
Series 2021A (Federally Taxable)**

\$ _____

**First Tier Toll Revenue Refunding Bonds,
Series 2021B (Tax-Exempt)**

Dated: Date of Delivery

Due: Shown on the inside cover page

The First Tier Toll Revenue Refunding Bonds, Series 2021A (Downtown Crossing Project) (Federally Taxable) (the "Series 2021A Bonds") and First Tier Toll Revenue Refunding Bonds, Series 2021B (Downtown Crossing Project) (Tax-Exempt) (the "Series 2021B Bonds", and together with the Series 2021A Bonds, the "Series 2021 Bonds") will be issued under the General Trust Indenture, dated as of December 1, 2013, as amended as herein described (the "General Indenture"), a series trust indenture relating to the Series 2021A Bonds (the "Series 2021A Trust Indenture") and a series trust indenture relating to the Series 2021B Bonds (the "Series 2021B Trust Indenture", and together with the Series 2021A Trust Indenture, the "Series 2021 Trust Indentures"), each by and between the Kentucky Public Transportation Infrastructure Authority (the "Authority") and The Bank of New York Mellon Trust Company, N.A., as the trustee (the "Trustee"). The General Indenture and the Series 2021 Trust Indentures are collectively referred to herein as the "Indenture."

The proceeds of the Series 2021A Bonds, together with certain other available amounts as described herein, are expected to be used to (i) refund certain of the Authority's outstanding bonds, (ii) pay a portion of the purchase price of a Credit Facility (as defined herein) to be deposited in the First Tier Common Debt Service Reserve Account as herein described and (iii) pay the costs of issuance of the Series 2021 Bonds, including payment of the initial premium for the Insurance Policy described below. The proceeds of the Series 2021B Bonds are expected to be used to (i) fund the purchase or exchange of certain of the Authority's outstanding bonds tendered and accepted by the Authority as described herein, (ii) pay a portion of the purchase price of a Credit Facility (as defined herein) to be deposited in the First Tier Common Debt Service Reserve Account as herein described and (iii) pay the costs of issuance of the Series 2021 Bonds, including payment of the initial premium for the Insurance Policy described below.

The Series 2021 Bonds will be issued as current interest bonds and offered in authorized denominations of \$5,000 or integral multiples thereof. Interest on the Series 2021 Bonds will accrue from their date of issuance and be paid semi-annually on each January 1 and July 1, commencing January 1, 2022.

The Series 2021 Bonds will be issued as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), to which payments of principal and interest will be made. Purchasers will acquire beneficial interests in the Series 2021 Bonds in book-entry form only. DTC will remit such payments to its participants who will be responsible for remittance to beneficial owners. See "THE SERIES 2021 BONDS – Book-Entry Only System and Global Clearance Procedures."

Except to the extent payable from the proceeds of a Series of Bonds and any other moneys available for such payment, the Series 2021 Bonds and any additional First Tier Bonds currently outstanding and hereafter issued by the Authority under the General Indenture are payable from, and secured by a first pledge of, the Trust Estate, as more fully described herein, which includes the Pledged Receipts, as more fully described herein. The Authority's 50% share of the toll revenues derived from the System ("Authority Toll Revenues") constitute the principal portion of the "Pledged Receipts."

The Series 2021 Bonds will not be subject to acceleration upon an event of default or otherwise. The Series 2021 Bonds are subject to redemption prior to maturity, as more fully described herein. See "THE SERIES 2021 BONDS – Redemption Provisions."

The scheduled payment of principal of and interest on certain of the Series 2021 Bonds (the "Insured Bonds") when due will be guaranteed under a municipal bond insurance policy (the "Insurance Policy") to be issued concurrently with the delivery of the Insured Bonds by Assured Guaranty Municipal Corp. (the "Insurer" or "AGM"). See "THE SERIES 2021 BONDS – Bond Insurance" herein and "APPENDIX K – Information Relating to Assured Guaranty Municipal Corp. and Form of Policy".



As more fully described herein, the Transportation Cabinet has, under the Lease (as defined herein), agreed to request appropriations from the General Assembly of the Commonwealth to make certain rent payments to fund certain deficiencies in the Tolling O&M Reserve Fund, the General O&M Reserve Fund and the M&R Reserve Fund under the Indenture. The General Assembly of the Commonwealth is not obligated to make such appropriations.

The Series 2021 Bonds shall not constitute a debt of the Commonwealth of Kentucky (the "Commonwealth") or any of its political subdivisions, or a pledge of the faith and credit of the Commonwealth or any of its political subdivisions. Neither the Commonwealth nor the Authority shall be obligated to pay the Series 2021 Bonds or the interest thereon, other than from the Trust Estate pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth is pledged to the payment of the principal of or the interest on the Series 2021 Bonds.

By acceptance of a confirmation of purchase of the Series 2021 Bonds, each Beneficial Owner will be deemed to have approved and agreed to the amendment of the General Indenture and Prior Series Indenture described herein. See "AMENDMENTS OF THE GENERAL INDENTURE AND PRIOR SERIES INDENTURE."

The Series 2021 Bonds are offered when, as and if issued and received by the Underwriters. Legal matters with respect to the issuance of the Series 2021 Bonds are subject to the approval of Bond Counsel to the Authority, Dinsmore & Shohl LLP, Covington, Kentucky. Certain legal matters will be passed upon for the Authority by its counsel, Wyatt, Tarrant & Combs, LLP, Louisville, Kentucky, and for the Underwriters by their counsel, Nixon Peabody LLP, New York, New York. It is expected that the Series 2021 Bonds will be available for delivery in book-entry form only through the facilities of DTC in New York, New York, on or about October __, 2021.

This cover page contains certain information for quick reference only. It is not a summary of this Official Statement. Investors must read the entire Official Statement, including the Appendices hereto, to obtain information essential to making an informed investment decision, paying particular attention to the matters discussed in the section entitled "INVESTMENT CONSIDERATIONS."

Citigroup

Morgan Stanley

J.P. Morgan

FHN Financial

First Kentucky

PNC Capital Markets

Raymond James

R.W. Baird

September __, 2021

* Preliminary, subject to change. The principal amount of each series of the Series 2021 Bonds will be based upon the results of the offer to tender or exchange certain maturities of the Authority's outstanding bonds, as described herein.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

\$191,810,000*
KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY
First Tier Toll Revenue Refunding Bonds, Series 2021 (Downtown Crossing Project)

consisting of

\$191,810,000*
First Tier Toll Revenue Refunding Bonds
Series 2021A (Federally Taxable)

<u>Maturity Date*</u> <u>(July 1)</u>	<u>Principal Amount*</u>	<u>Price or Yield</u>	<u>CUSIP No.†</u>	<u>ISIN No.†</u>
2022	\$ 260,000			
2025	1,285,000			
2026	2,505,000			
2027	3,660,000			
2028	4,260,000			
2029	380,000			
2030	385,000			
2031	385,000			
2032	390,000			
2033	400,000			

\$2,525,000* ____ % Term Bonds due July 1, 2039*, Yield ____ %, CUSIP No.† ____ ISIN No.† ____

\$80,580,000* ____ % Term Bonds due July 1, 2049*, Yield ____ %, CUSIP No.† ____ ISIN No.† ____

\$94,795,000* ____ % Term Bonds due July 1, 2053*, Yield ____ %, CUSIP No.† ____ ISIN No.† ____

\$ _____
First Tier Toll Revenue Refunding Bonds
Series 2021B (Tax-Exempt)

<u>Maturity Date</u> <u>(July 1)</u>	<u>Principal Amount</u>	<u>Yield</u>	<u>CUSIP No.†</u>
---	-------------------------	--------------	-------------------

\$ _____ ____ % Term Bonds due July 1, ____, Yield ____ %, CUSIP No.† ____

\$ _____ ____ % Term Bonds due July 1, ____, Yield ____ %, CUSIP No.† ____

*Preliminary, subject to change. The principal amount of each series of the Series 2021 Bonds will be based upon the results of the offer to tender or exchange certain maturities of the Authority's outstanding bonds, as described herein.

† Copyright, American Bankers Association. CUSIP and ISIN data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP and ISIN numbers listed above are being provided solely for the convenience of holders only at the time of issuance of the Series 2021 Bonds and the Authority and the Underwriters do not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP and ISIN number for a specific maturity is subject to being changed after the issuance of the Series 2021 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2021 Bonds.

LOUISVILLE, KENTUCKY METROPOLITAN AREA
OHIO RIVER BRIDGES SYSTEM AREA REGIONAL MAP



Downtown Crossing 1 2 3

East End Crossing 4A 4B 5 6

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

200 Mero Street
Frankfort, Kentucky 40622

MEMBERS OF THE AUTHORITY

<u>Member</u>	<u>Expiration of Term</u>
Jim Gray, Chairman	<i>Ex-Officio</i>
Holly M. Johnson, Vice Chair	<i>Ex-Officio</i>
Timothy Atkins	October 1, 2024
Steve Austin	October 1, 2021
John “Bill” Bartleman	October 1, 2021
Harry L. Berry	October 1, 2021
William Boggs	October 1, 2023
David Dickerson	October 1, 2021
Jordan Lanham	October 1, 2023
Rebecca Swansburg	October 1, 2020*

*Term Expired; continues to serve until a successor is chosen.

CONSULTANTS

Bond Counsel Dinsmore & Shohl LLP
Financial Advisor PFM Financial Advisors, LLC
Consulting Engineer HNTB Corporation
Traffic and Revenue Consultant Steer Davies and Gleave, Incorporated

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This Official Statement is provided in connection with the issuance of the Series 2021 Bonds referred to herein and may not be reproduced or be used, in whole or in part, for any other purpose. The information contained in this Official Statement has been derived from information provided by the Authority and other sources which are believed to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates” and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Authority. These forward-looking statements speak only as of the date of this Official Statement. The Authority disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Authority’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

The Authority maintains a website. The Authority’s website is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2021 Bonds, and are not part of this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended and in effect on the date hereof (“Rule 15c2-12”). References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12.

For purposes of compliance with Rule 15c2-12, this Preliminary Official Statement constitutes an official statement of the Authority that has been deemed final by the Authority as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

No dealer, broker, salesman or other person has been authorized by the Authority or the Underwriters to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Series 2021 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein speak as of their date unless otherwise noted and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority since the date hereof.

The Series 2021 Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Series 2021 Bonds or passed upon the adequacy or accuracy of this Official Statement. Any representation to the contrary is a criminal offense.

The order and placement of information in this Official Statement, including the appendices, are not an indication of relevance, materiality or relative importance, and this Official Statement, including the appendices, must be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section in this Official Statement.

The Insurer makes no representation regarding the Series 2021 Bonds or the advisability of investing in the Series 2021 Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer supplied by the Insurer and presented under the heading “INFORMATION RELATING TO ASSURED GUARANTY MUNICIPAL CORP.” in APPENDIX K hereto.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM (“ORIGINAL BOUND FORMAT”) OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: WWW.BONDLINK.COM. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2021 BONDS AT A LEVEL ABOVE THAT WHICH OTHERWISE MIGHT PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2021 BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH LAWS. THE SERIES 2021 BONDS HAVE NOT BEEN RECOMMENDED BY THE SEC OR ANY OTHER FEDERAL, STATE OR FOREIGN SECURITIES COMMISSION OR REGULATORY AUTHORITY, AND NO SUCH COMMISSIONS AND REGULATORY AUTHORITIES WILL HAVE REVIEWED OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

REFERENCES UNDER THIS CAPTION TO THE “ISSUER” MEANS THE KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY AND REFERENCES TO “BONDS” OR “SECURITIES” MEAN THE SERIES 2021 BONDS, AS DEFINED HEREIN AND OFFERED HEREBY.

THE UNDERWRITERS HAVE PROVIDED THE INFORMATION SET FORTH ON THIS AND THE FOLLOWING FOUR PAGES FOR INCLUSION IN THIS OFFICIAL STATEMENT.

MINIMUM UNIT SALES

THE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF \$5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 30 UNITS (BEING 30 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF \$150,000).

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA (“EEA”)

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA. FOR THESE PURPOSES, A “RETAIL INVESTOR” MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “MIFID II”); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE “INSURANCE DISTRIBUTION DIRECTIVE”), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (THE “PROSPECTUS REGULATION”). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE “PRIIPS REGULATION”) FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE BONDS TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EEA WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) OF THE PROSPECTUS REGULATION FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE BONDS. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE EEA OF THE BONDS SHOULD ONLY

DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PROVIDE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE BONDS CONTEMPLATED IN THIS OFFICIAL STATEMENT.

THE OFFER OF ANY BONDS WHICH IS THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFICIAL STATEMENT IS NOT BEING MADE AND WILL NOT BE MADE TO THE PUBLIC IN THE EEA, OTHER THAN: (A) TO ANY LEGAL ENTITY WHICH IS A “QUALIFIED INVESTOR” AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION; (B) TO FEWER THAN 150 NATURAL OR LEGAL PERSONS (OTHER THAN “QUALIFIED INVESTORS” AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION), SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE RELEVANT UNDERWRITER OR THE ISSUER FOR ANY SUCH OFFER; OR (C) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 1(4) OF THE PROSPECTUS REGULATION; PROVIDED THAT NO SUCH OFFER OF THE BONDS SHALL REQUIRE THE ISSUER OR ANY UNDERWRITER TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION OR A SUPPLEMENT TO A PROSPECTUS PURSUANT TO ARTICLE 23 OF THE PROSPECTUS REGULATION.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN “OFFER OF SECURITIES TO THE PUBLIC” IN RELATION TO THE BONDS IN ANY MEMBER STATE OF THE EEA MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE BONDS OR SUBSCRIBE FOR THE BONDS.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS IN THE OFFERING LOCATED WITHIN A MEMBER STATE OF THE EEA WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A “QUALIFIED INVESTOR” AS DEFINED IN THE PROSPECTUS REGULATION. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (“FSMA”) AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 85 OF THE FSMA. THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, (II) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE “FINANCIAL PROMOTION ORDER”), (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER OF THE BONDS. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFICIAL STATEMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THE BONDS (EXCEPT FOR BONDS WHICH ARE A “STRUCTURED PRODUCT” AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP. 571 OF THE LAWS OF HONG KONG) (“SECURITIES AND FUTURES ORDINANCE”)) MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY DOCUMENT OTHER THAN (I) IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32 OF THE LAWS OF HONG KONG) (“COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE”) OR (II) TO “PROFESSIONAL INVESTORS” AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER, OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A “PROSPECTUS” AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE, AND NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS MAY BE ISSUED OR MAY BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSE OF ISSUE (IN EACH CASE WHETHER IN HONG KONG OR ELSEWHERE), WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO “PROFESSIONAL INVESTORS” AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER.

NOTICE TO INVESTORS IN SWITZERLAND

THIS OFFICIAL STATEMENT IS NOT INTENDED TO CONSTITUTE AN OFFER OR A SOLICITATION TO PURCHASE OR INVEST IN THE BONDS.

THE BONDS MAY NOT BE PUBLICLY OFFERED IN SWITZERLAND AND WILL NOT BE LISTED ON THE SIX SWISS EXCHANGE (“SIX”) OR ON ANY OTHER STOCK EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. THIS OFFICIAL STATEMENT HAS BEEN PREPARED WITHOUT REGARD TO THE DISCLOSURE STANDARDS FOR ISSUANCE PROSPECTUSES UNDER ART. 652A OR ART. 1156 OF THE SWISS CODE OF OBLIGATIONS OR THE DISCLOSURE STANDARDS FOR LISTING PROSPECTUSES UNDER ART. 27 FF. OF THE SIX LISTING RULES OR THE LISTING RULES OF ANY OTHER STOCK EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS OR THE OFFERING MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND.

NONE OF THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, THE ISSUER OR THE BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. IN PARTICULAR, THIS OFFICIAL STATEMENT WILL NOT BE FILED WITH, AND THE OFFER OF THE BONDS WILL NOT BE SUPERVISED BY, THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY (“FINMA”), AND THE OFFER OF BONDS HAS NOT BEEN AND WILL NOT BE AUTHORIZED UNDER THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES (“CISA”). ACCORDINGLY, INVESTORS DO NOT HAVE THE BENEFIT OF THE SPECIFIC INVESTOR PROTECTION PROVIDED UNDER THE CISA.

NOTICE TO INVESTORS IN SINGAPORE

THIS OFFICIAL STATEMENT HAS NOT BEEN AND WILL NOT BE REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE. ACCORDINGLY, THIS OFFICIAL STATEMENT AND ANY OTHER DOCUMENT OR MATERIAL USED IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE BONDS MAY NOT BE CIRCULATED OR

DISTRIBUTED, NOR MAY THE BONDS BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR AS DEFINED IN SECTION 4A OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE “SFA”) PURSUANT TO SECTION 274 OF THE SFA, (II) TO A RELEVANT PERSON PURSUANT (AS DEFINED IN SECTION 275(2) OF THE SFA) TO SECTION 275(1), OR ANY PERSON PURSUANT TO SECTION 275(1A), AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275, OF THE SFA; OR (III) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISION OF THE SFA. WHERE THE BONDS ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275 OF THE SFA BY A RELEVANT PERSON THAT IS: (A) A CORPORATION (WHICH IS NOT AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA)) THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR; OR (B) A TRUST (WHERE THE TRUSTEE IS NOT AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY OF THE TRUST IS AN INDIVIDUAL WHO IS AN ACCREDITED INVESTOR, SECURITIES OR SECURITIES-BASED DERIVATIVES CONTRACTS (EACH AS DEFINED IN SECTION 2(1) OF THE SFA) OF THAT CORPORATION OR THE BENEFICIARIES’ RIGHTS AND INTEREST (HOWSOEVER DESCRIBED) IN THAT TRUST SHALL NOT BE TRANSFERRED WITHIN 6 MONTHS AFTER THAT CORPORATION OR THAT TRUST HAS ACQUIRED THE BONDS PURSUANT TO AN OFFER MADE UNDER SECTION 275 OF THE SFA EXCEPT: (I) TO AN INSTITUTIONAL INVESTOR OR TO A RELEVANT PERSON, OR TO ANY PERSON ARISING FROM AN OFFER REFERRED TO IN SECTION 275(1A) OR SECTION 276(4)(I)(B) OF THE SFA; (II) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER; (III) WHERE THE TRANSFER IS BY OPERATION OF LAW; (IV) AS SPECIFIED IN SECTION 276(7) OF THE SFA; OR (V) AS SPECIFIED IN REGULATION 37A OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SECURITIES AND SECURITIES-BASED DERIVATIVE CONTRACTS) REGULATIONS 2018 OF SINGAPORE.

Notification under Section 309B(1)(C) of the SFA

IN CONNECTION WITH SECTION 309B OF THE SFA AND THE SECURITIES AND FUTURES (CAPITAL MARKETS PRODUCTS) REGULATIONS 2018 OF SINGAPORE (THE “CMP REGULATIONS 2018”), THE ISSUER HAS DETERMINED, AND HEREBY NOTIFIES ALL RELEVANT PERSONS (AS DEFINED IN SECTION 309A(1) OF THE SFA), THAT THE BONDS ARE ‘PRESCRIBED CAPITAL MARKETS PRODUCTS’(AS DEFINED IN THE CMP REGULATIONS 2018) AND ARE EXCLUDED INVESTMENT PRODUCTS (AS DEFINED IN MAS NOTICE SFA 04-N12: NOTICE ON THE SALE OF INVESTMENT PRODUCTS AND MAS NOTICE FAA-N16: NOTICE ON RECOMMENDATIONS ON INVESTMENT PRODUCTS).

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY, THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN AND/OR OTHER REGULATORY AUTHORITY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS, AND THE BONDS MAY NOT BE OFFERED, ISSUED OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION OR FILING WITH OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN. THE BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE BY INVESTORS RESIDING IN TAIWAN (EITHER DIRECTLY OR THROUGH PROPERLY LICENSED TAIWAN INTERMEDIARIES), BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY. ANY SUBSCRIPTIONS OF BONDS SHALL ONLY BECOME EFFECTIVE UPON ACCEPTANCE BY THE ISSUER OR THE RELEVANT DEALER OUTSIDE TAIWAN AND SHALL BE DEEMED A CONTRACT ENTERED INTO IN THE JURISDICTION OF INCORPORATION OF THE ISSUER OR RELEVANT DEALER, AS THE CASE MAY BE, UNLESS OTHERWISE SPECIFIED IN THE SUBSCRIPTION DOCUMENTS RELATING TO THE BONDS SIGNED BY THE INVESTORS.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (ACT NO. 25 OF 1948, AS AMENDED, THE “FIEA”). NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY “RESIDENT” OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE 6 OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FIEA. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF CERTAIN QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED IN THE FIEA (“QIIS”) IN RELIANCE ON THE QIIS-ONLY PRIVATE PLACEMENT EXEMPTION AS SET FORTH IN ITEM 2(I), PARAGRAPH 3, ARTICLE 2 OF THE FIEA. A QII WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

SUMMARY

The following information is a brief summary of the information contained in this Official Statement and is qualified in its entirety by reference to the more detailed information and descriptions appearing elsewhere in this Official Statement and should be read together therewith. The terms used in this Summary and not otherwise defined shall have the respective meanings assigned to them elsewhere in this Official Statement. The offering of the Series 2021 Bonds is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to make offers to sell, or solicit offers to buy, the Series 2021 Bonds unless the entire Official Statement is delivered in connection therewith.

- The Authority**..... The Kentucky Public Transportation Infrastructure Authority (“Authority”) is an independent de jure municipal corporation and political subdivision of the Commonwealth of Kentucky (the “Commonwealth”), constituting a governmental agency and instrumentality of the Commonwealth. The Authority was established by the Commonwealth pursuant to the provisions of KRS Chapter 175B, as amended (the “Act”) to review, approve and monitor certain significant transportation projects within the Commonwealth and between the Commonwealth and the State of Indiana and, if necessary, to assist with the operation, financing and management of those projects. See “THE AUTHORITY” herein.
- Series 2021 Bonds**..... The Authority is offering a series of First Tier Toll Revenue Refunding Bonds, Series 2021A (Downtown Crossing Project) (Federally Taxable) (the “Series 2021A Bonds”) in the aggregate principal amount of \$191,810,000* and a series of First Tier Toll Revenue Refunding Bonds, Series 2021B (Downtown Crossing Project) (Tax-Exempt) (the “Series 2021B Bonds” and, together with the Series 2021A Bonds, the “Series 2021 Bonds”) in the aggregate principal amount of \$_____¹.
- Use of Proceeds**..... As more fully described herein, the proceeds of the Series 2021A Bonds, together with certain other available amounts as described herein, are expected to be used to (i) refund certain of the Authority’s outstanding bonds, (ii) pay a portion of the purchase price of a Credit Facility (as defined herein) to be deposited in the First Tier Common Debt Service Reserve Account and (iii) pay the costs of issuance of the Series 2021 Bonds, including payment of the initial premium for the Insurance Policy. The proceeds of the Series 2021B Bonds are expected to be used to (i) fund the purchase or exchange of certain of the Authority’s outstanding bonds tendered and accepted by the Authority as described herein, (ii) pay a portion of the purchase price of a Credit Facility (as defined herein) to be deposited in the First Tier Common Debt Service Reserve Account as herein described and (iii) pay the costs of issuance of the Series 2021 Bonds, including payment of the initial premium for the Insurance Policy. See “PLAN OF FINANCE” and “SOURCES AND USES OF PROCEEDS” herein.

* Preliminary, subject to change.

¹ The principal amount of each series of the Series 2021 Bonds will be based upon the results of the offer to tender or exchange certain maturities of the Authority’s outstanding bonds, as described herein.

Redemption.....	The Series 2021 Bonds are subject to redemption prior to maturity as described herein. See “THE SERIES 2021 BONDS – Redemption Provisions.”
General Indenture and Supplemental Indentures.....	The Series 2021 Bonds will be issued under the General Trust Indenture, dated as of December 1, 2013, as amended as described herein (the “General Indenture”), a series trust indenture relating to the Series 2021A Bonds (the “Series 2021A Trust Indenture”) and a series trust indenture relating to the Series 2021B Bonds (the “Series 2021B Trust Indenture”, and together with the Series 2021A Trust Indenture, the “Series 2021 Trust Indentures”), each by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as the trustee (the “Trustee”). The General Indenture and the Series 2021 Trust Indentures are collectively referred to herein as the “Indenture.”
Bond Insurance.....	The scheduled payment of principal of and interest on certain of the Series 2021 Bonds (the “Insured Bonds”) when due will be guaranteed under a municipal bond insurance policy (the “Insurance Policy”) to be issued concurrently with the delivery of the Insured Bonds by Assured Guaranty Municipal Corp. (the “Insurer” or “AGM”). See “THE SERIES 2021 BONDS – Bond Insurance” herein and APPENDIX K – “INFORMATION RELATING TO ASSURED GUARANTY MUNICIPAL CORP. AND FORM OF POLICY.”
Limited Obligations.....	<p>The Series 2021 Bonds, any First Tier Bonds previously issued by the Authority that will remain Outstanding after the issuance of the Series 2021 Bonds (as more fully described herein, the “Outstanding 2013 Bonds”) and any additional First Tier Bonds hereafter issued by the Authority under the General Indenture are payable from, and secured by a first pledge of, the Trust Estate, as more fully described herein, which includes the Pledged Receipts, as more fully described herein. The Authority’s 50% share of the toll revenues derived from the System (“Authority Toll Revenues”) constitute the principal portion of the “Pledged Receipts.” See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Pledge of Authority System Revenue.”</p> <p>As more fully described herein under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS,” the Series 2021 Bonds are being issued under the Indenture as First Tier Bonds secured by a first priority lien on the Trust Estate (as hereinafter defined), including the Pledged Receipts (as hereinafter defined). The TIFIA Bonds described herein are Third Tier Bonds secured by a second lien on the Trust Estate (there is no current plan to issue Second Tier Bonds). The TIFIA Bonds may become First Tier Bonds having an equal first priority lien on the Trust Estate with other First Lien Bonds upon the occurrence of certain events described herein.</p>
The System.....	The Authority currently oversees one project – the Louisville-Southern Indiana Ohio River Bridges Project (the “LSIORB Project”), which began tolling on December 30, 2016. The LSIORB Project,

together with certain Additional Projects (as defined herein) that may be authorized, comprise the “System”.

As used herein, the “Authority System” refers to the part of the System that is operated and maintained by the Authority under the terms of the Development Agreement referred to herein (generally, the portions of the System located in the Commonwealth).

For more information relating to the System, see “THE SYSTEM.” For more information relating to the maintenance of the System, see “THE SYSTEM – Maintenance of the System.”

Interlocal Agreement..... The Authority, the Commonwealth of Kentucky Transportation Cabinet (the “Transportation Cabinet”), the Indiana Department of Transportation (“INDOT”) and the Indiana Finance Authority (the “IFA”) entered into an Interlocal Agreement (the “Interlocal Agreement”) to coordinate various aspects of the construction, maintenance and operation of the LSIORB Project. See “THE SYSTEM –The Interlocal Agreement.”

Development Agreement..... The Authority, the Transportation Cabinet, the INDOT, the IFA and the Louisville and Southern Indiana Bridges Authority (the “Bridges Authority”) entered into a Bi-State Development Agreement Concerning the Louisville Southern Indiana Ohio River Bridges Project, effective December 20, 2012, as amended (the “Development Agreement”), which allocates responsibility for operations and maintenance of different components of the System. See “THE SYSTEM – The Development Agreement.”

Sharing of Toll Revenues..... Under the Development Agreement, the Authority and the IFA each receive an equal share of the gross amount of (i) all toll receipts payable to or collected in respect of the System, (ii) administrative fees, (iii) violation charges, (iv) incidental charges, (v) penalties, and (vi) other charges collected through a collection process with respect to the System (collectively, such amounts are defined in the Development Agreement as the “Toll Revenues”). The Authority’s 50% share of the Toll Revenues (the “Authority Toll Revenues”) constitute the principal portion of the “Pledged Receipts” and are pledged to the payment of principal and interest on the Series 2021 Bonds, the Outstanding 2013 Bonds and any Additional Bonds hereafter issued under the General Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Pledge of Authority System Revenue.”

Debt Service Reserve Accounts... Payment of principal and interest on the Series 2021 Bonds when due are secured by amounts on deposit in the Proceeds Subaccount of the First Tier Common Debt Service Reserve Account established therefor. The Series 2021 Trust Indentures require that the First Tier Common Debt Service Reserve Account be funded in an amount equal to the Debt Service Reserve Requirement therefor, as defined herein under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Debt Service Reserve Accounts.” In connection with the issuance of the Series 2021 Bonds, the Authority will purchase a Credit Facility in an amount equal to the Debt Service

Reserve Requirement applicable to the Outstanding 2013 Bonds and the Series 2021 Bonds. To the extent that the Debt Service Reserve Requirement increases, the Authority currently plans to fund those deposits with transfers from the Revenue Fund as described herein.

Upon the occurrence of a Bankruptcy Related Event (as herein defined), a separate Revenue Subaccount of the First Tier Common Debt Service Reserve Account will be established as security for the TIFIA Lender (as herein defined) to pay debt service on the TIFIA Bonds. Cash and any Credit Facility deposited in the Revenue Subaccount of the First Tier Common Debt Service Reserve Account will secure only First Tier Bonds that are TIFIA Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Debt Service Reserve Accounts.”

The Lease and Operation and Maintenance.....

The Authority and the Transportation Cabinet have entered into a Lease, dated as of December 1, 2013 (the “Lease”), pursuant to which the Transportation Cabinet leases from the Authority, and the Authority leases to the Transportation Cabinet, all of the properties, facilities and appurtenances constituting the Authority System, with the right and privilege of the Transportation Cabinet to continue to lease and have the Authority System for biennial periods if the Transportation Cabinet exercises its option to renew the Lease. The Lease has been extended for each biennial period, the next renewal date is July 1, 2022, and the Lease is subject to automatic renewal for successive biennial periods, subject to the right of the Transportation Cabinet to notify the Authority of its election not to renew.

Upon written notice from the Trustee that deposits from Pledged Receipts to the Tolling O&M Reserve Fund, the General O&M Reserve Fund and the M&R Reserve Fund required by the Indenture have not been made, the Transportation Cabinet agrees to pay “Rent” to enable the Trustee to make the required deposits in such Funds, as more fully described herein under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – The Lease.”

Pursuant to the Lease, the Transportation Cabinet covenants and agrees that on each and every occasion when appropriations bills are prepared for introduction in the various successive Sessions of the General Assembly of the Commonwealth after a request for Rent or Additional Rent, as each is herein defined, is made under the Indenture but no later than October 1 of the next odd numbered year, the Transportation Cabinet will cause to be included in the appropriations proposed to be made for the Transportation Cabinet an amount sufficient to cover such request. The payment of Rent by the Cabinet is subject to appropriation by the General Assembly of the Commonwealth. Historically, appropriations for the benefit of the Transportation Cabinet have been funded from the Road Fund. See APPENDIX G – CERTAIN INFORMATION RELATING TO THE TRANSPORTATION CABINET AND THE COMMONWEALTH.

A summary of certain provisions of the Lease is set forth in APPENDIX C – SUMMARY OF LEASE.

- Additional Bonds.....** The Indenture authorizes the issuance of obligations ranking on a parity with the security and source of payment with the Series 2021 Bonds and Outstanding 2013 Bonds or subordinate thereto, which may be additional bonds issued in accordance with the requirements of the Indenture (the “Additional Bonds”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Financial Covenants - *Additional Bonds*.”
- Investment Considerations.....** The Series 2021 Bonds may not be suitable for all investors. Prospective purchasers of the Series 2021 Bonds should read this entire Official Statement and give careful consideration to certain investment considerations including those affecting the collection of Toll Revenues, the agreement of the Commonwealth and the State of Indiana to share the Toll Revenues collected and the operation and maintenance of the System. See “INVESTMENT CONSIDERATIONS.”
- Book-Entry Only System.....** The Series 2021 Bonds will be issued as fully registered bonds or notes, as the case may be, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), to which payments of principal and interest will be made. Purchasers will acquire beneficial interests in the Series 2021 Bonds in book-entry form only. DTC will remit such payments to its participants, who will be responsible for remittance to the beneficial owners. See “THE SERIES 2021 BONDS – Book-Entry Only System and Global Clearance Procedures” and APPENDIX H – DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES.
- Tax Status.....** In the opinion of Dinsmore & Shohl LLP, Bond Counsel, the Series 2021A Bonds are taxable debt instruments for federal income tax purposes. As such, interest on the Series 2021A Bonds is not excludible from the gross income of Bondholders for federal income tax purposes. It is the opinion of Bond Counsel that, subject to compliance by the Authority with certain covenants, under present law, interest on the Series 2021B Bonds (including original issue discount treated as interest) is excluded from gross income of the owners thereof for federal income tax purposes. It is also the opinion of Bond Counsel, that under the laws of the Commonwealth of Kentucky, as presently enacted and construed, the Series 2021 Bonds are exempt from Kentucky income tax and the Series 2021 Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and political subdivisions thereof. See “TAX MATTERS” for a more complete discussion and APPENDIX J for the form of approving opinion of Bond Counsel.
- General.....** The Official Statement speaks only as of its date, and the information contained herein is subject to change. All summaries of documents and agreements in the Official Statement are qualified in their entirety by reference to such documents and agreements, copies of which are

available as described below from the Office of Financial Management.

Further Information..... Information regarding the Series 2021 Bonds is available by contacting:

- Office of Financial Management – Finance and Administration Cabinet, Commonwealth of Kentucky, 702 Capitol Avenue, Suite 76, Frankfort, Kentucky 40601, Attention: Executive Director (502) 564-2924;
- the Authority’s financial municipal advisor, PFM Financial Advisors, LLC, 300 South Orange Avenue, Suite 1170, Orlando, Florida 32801, Attention: Mr. David Miller (407) 648-2208 ext. 5752; and
- the Representative of the Underwriters, Citigroup Global Markets Inc., 388 Greenwich Street, 6th Floor – Trading, New York, New York 10013, Attention: Syndicate (212) 723-7093.

OFFICIAL STATEMENT
relating to
\$191,810,000*
KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY
First Tier Toll Revenue Refunding Bonds, Series 2021 (Downtown Crossing Project)
consisting of

\$191,810,000*	\$ _____
First Tier Toll Revenue Refunding Bonds,	First Tier Toll Revenue Refunding Bonds,
Series 2021A (Federally Taxable)	Series 2021B (Tax-Exempt)

INTRODUCTION

General

This Official Statement is furnished in connection with the issuance by the Kentucky Public Transportation Infrastructure Authority (the “Authority”) of the \$191,810,000* First Tier Toll Revenue Refunding Bonds, Series 2021A (Downtown Crossing Project) (Federally Taxable) (the “Series 2021A Bonds”) and the \$_____ First Tier Toll Revenue Refunding Bonds, Series 2021B (Downtown Crossing Project) (Tax-Exempt) (the “Series 2021B Bonds”, and together with the Series 2021A Bonds, the “Series 2021 Bonds”). Unless otherwise defined in this Official Statement, all terms used herein shall have the meanings set forth in APPENDIX A – Definitions.

The Authority

The Kentucky Public Transportation Infrastructure Authority (“Authority”) is an independent de jure municipal corporation and political subdivision of the Commonwealth of Kentucky (the “Commonwealth”), constituting a governmental agency and instrumentality of the Commonwealth. The Authority was established by the Commonwealth pursuant to the provisions of KRS Chapter 175B, as amended (the “Act”) to review, approve and monitor certain significant transportation projects within the Commonwealth and between the Commonwealth and the State of Indiana and, if necessary, to assist with the operation, financing and management of those projects. See “THE AUTHORITY” herein.

The LSIORB Project and the System

The LSIORB Project was coordinated between the Commonwealth and the State of Indiana and involved a bi-state construction, reconstruction and rehabilitation project to address cross-river transportation needs in the greater Louisville-Southern Indiana region. The LSIORB Project included the construction of two new bridges (the “Downtown Bridge” and the “East End Bridge”) and the reconstruction and reconfiguration of an existing bridge in downtown Louisville (the “Kennedy Bridge”). The Commonwealth, acting by and through the Kentucky Transportation Cabinet (the “Transportation Cabinet”), the Authority, the State of Indiana acting by and through the Indiana Department of Transportation (“INDOT”), the Indiana Finance Authority (the “IFA”) and the Louisville and Southern Indiana Bridges Authority (the “Bridges Authority”) entered into a Bi-State Development Agreement Concerning the Louisville Southern Indiana Ohio River Bridges Project, effective December 20, 2012, as amended (the “Development Agreement”), to provide for, among other things, the financing, construction and maintenance of the LSIORB Project. As more fully described herein, under the Development

*Preliminary, subject to change. The principal amount of each series of the Series 2021 Bonds will be based upon the results of the offer to tender or exchange certain maturities of the Authority’s outstanding bonds, as described herein.

Agreement, the Commonwealth had primary responsibility for the construction of the Downtown Crossing Segment (as described herein under “THE SYSTEM – Downtown Crossing Segment”), which included the construction of a new Downtown Bridge and the reconstruction and reconfiguration of the Kennedy Bridge and the Kennedy Interchange and the State of Indiana has primary responsibility for the construction of the East End Segment (as described herein under “THE SYSTEM – East End Segment”), which included the construction of the East End Bridge. The “System” consists of the Downtown Bridge, the Kennedy Bridge and the East End Bridge, the Kennedy Interchange and all related highway interchanges and roadways, as well as any Additional Projects (as defined herein). As used herein, the “Authority System” refers to the part of the System that is operated and maintained by the Authority under the terms of the Development Agreement (generally, the portions of the System located in the Commonwealth). Tolling began on the LSIORB Project on December 30, 2016. For more information relating to the Development Agreement, see “THE SYSTEM - Development Agreement”).

In addition, in order to coordinate the various aspects of the construction, tolling, maintenance and operation of the System, the IFA, the Authority, INDOT and the Transportation Cabinet entered into an Interlocal Agreement for the Design, Procurement, Construction, Financing, Tolling, Operation and Maintenance for the Louisville-Southern Indiana Ohio River Bridges System, effective December 17, 2012 (the “Interlocal Agreement”). For more information relating to the Interlocal Agreement, see “THE SYSTEM - Interlocal Agreement”).

Impacts from the Novel Coronavirus (COVID-19) Pandemic

The outbreak of SARS-CoV-2, a strain of coronavirus that can result in serious illness (“COVID-19”), has been declared a pandemic by the World Health Organization (the “COVID-19 pandemic”). The COVID-19 pandemic led to significant traffic decreases influenced by, among other factors, travel restrictions mandated by federal, state and local government authorities. Within the Commonwealth and Indiana, there have been a series of restrictions, including stay-at-home orders which took effect in March 2020 in both states. The COVID-19 pandemic, including the travel restrictions resulting therefrom, impacted the traffic performance on the System. In total transactions, decreases began in March 2020 and reached a low level around -55% in mid-April, 2020. Since then, traffic levels have somewhat recovered with a decrease of less than 20% since early June 2020. When considering the traffic changes by vehicle class, car traffic has experienced a much deeper reduction than trucks. Truck traffic has rebounded faster and has generally been higher year-over-year since mid-September 2020. See “APPENDIX E – “TRAFFIC AND REVENUE STUDY.” Kentucky and Indiana have seen volatility in COVID-19 positivity rates and an increase in business activity from a relaxation of mandated closures. Indiana Governor Eric Holcomb ended the state’s COVID-19 restrictions, beginning April in 2021. On June 11, 2021, Governor Andy Beshear rescinded almost all of the Commonwealth’s COVID-19 restrictions. Since then, however, new cases of and hospitalizations for COVID-19 are increasing in Kentucky, Indiana, and the United States at the fastest rate of growth of the pandemic since its inception because of the transmission of the highly contagious Delta variant. The Governors of Kentucky and Indiana issued executive orders on August 10, 2021 and July 29, 2021, respectively, temporarily reinstating certain previous restrictions intended to limit the spread of the pandemic.

Steer Davies and Gleave, Incorporated (“Steer”) prepared the RiverLink Traffic & Revenue Report dated August 12, 2021 (the “Traffic and Revenue Study”). The Traffic and Revenue Study, which refers to the System (consisting of the Downtown Crossing and the East End Crossing) as RiverLink, presents the traffic and revenue forecasts for the System and describes the development of a custom toll forecasting model. In connection with the Traffic and Revenue Study, Steer also performed a series of sensitivity tests to measure the potential impacts on revenue associated with hypothetical changes in certain assumptions or basic study inputs. In addition to typical traffic and revenue sensitivity tests, Steer prepared a slower COVID-19 recovery scenario in recognition of the uncertainty regarding the economic and behavioral

impacts of COVID-19. See “TRAFFIC AND REVENUE STUDY” herein and APPENDIX E – “TRAFFIC AND REVENUE STUDY.”

The Series 2021 Bonds

The Series 2021 Bonds will be issued under and secured by the General Trust Indenture, dated as of December 1, 2013, as amended as described herein (the “General Indenture”) a Series Trust Indenture, Number 2021-1, dated as of September 1, 2021 (the “Series 2021A Trust Indenture”) and a Series Trust Indenture, Number 2021-2, dated as of September 1, 2021 (the “Series 2021B Trust Indenture”, and together with the Series 2021A Trust Indenture, the “Series 2021 Trust Indentures”), each by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The General Indenture and the Series 2021 Trust Indentures are collectively referred to herein as the “Indenture.” The Series 2021 Bonds, the Outstanding 2013 Bonds (as hereinafter defined) and any additional First Tier Bonds (the “Additional Bonds”) to be issued under the General Indenture, as the same may be further supplemented, are collectively referred to herein as the “Bonds.”

In December 2013, the Authority issued \$275,670,369.25 First Tier Toll Revenue Bonds, Series 2013 (Downtown Crossing Project) (the “Series 2013 Bonds”), consisting of \$174,865,000 First Tier Toll Revenue Bonds, Series 2013A (Current Interest Bonds) (the “Series 2013A Bonds”), \$27,476,179.95 First Tier Toll Revenue Bonds, Series 2013B (Capital Appreciation Bonds) (the “Series 2013B Bonds”) and \$73,329,189.30 First Tier Toll Revenue Bonds, Series 2013C (Convertible Capital Appreciation Bonds).

The Authority intends to use a portion of the proceeds of the Series 2021A Bonds to repay certain Series 2013A and 2013B Bonds not purchased or exchanged as described in the following sentence (collectively, the “Refunded Bonds”). Pursuant to the Authority’s Offer to Tender or Exchange Certain Bonds (the “Invitation to Tender and Exchange”), and the Notice of Purchase Prices and Exchange Factors (the “Pricing Notice” and, together with this Official Statement and the Invitation to Tender and Exchange, the “Authority Offer Documents”), the Authority will offer to (i) purchase certain maturities of the Series 2013A Bonds and Series 2013B Bonds identified below (the “Target 2013 Bonds”) tendered by any Bondholder for cash with proceeds of the Series 2021B Bonds and (ii) accept Series 2013A Bonds that are Target 2013 Bonds tendered by Holders that are either (x) a sophisticated municipal market professional as defined in Rule D-15 of the Municipal Securities Rulemaking Board or (y) a “qualified institutional buyer” within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended, in exchange for a specified amount of the Series 2021B Bonds, all subject to the conditions set forth in the Authority Offer Documents. See “PLAN OF FINANCE – Invitation to Tender and Exchange.” The Invitation to Tender and Exchange is available, and the Pricing Notice will be made available no later than Noon (New York City time) on September 9, 2021: (i) at the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org>, using the CUSIP numbers for the Target 2013 Bonds set forth below; (ii) to DTC and to the DTC participants holding such Target 2013 Bonds; and (iii) by posting electronically on the website of Globic Advisors at <https://www.globic.com/kptia>.

The Target 2013 Bonds being considered for tender or exchange as applicable, are set forth below:

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First Tier Toll Revenue Bonds, Series 2013A (Current Interest Bonds)

<u>Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP</u>
2049 ⁽¹⁾	\$76,975,000	5.75%	July 1, 2023	100%	491397AB1
2053 ⁽¹⁾	97,890,000	6.00	July 1, 2023	100	491397AC9

First Tier Toll Revenue Bonds, 2013B (Capital Appreciation Bonds)

<u>Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Accreted Value as of 9/1/2021</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>Accreted Value at Maturity</u>	<u>CUSIP</u>
2025 ⁽²⁾	\$ 533,521.20	\$ 822,370.92	July 1, 2023	100%	\$1,020,000	491397AR6
2026 ⁽²⁾	1,078,566.30	1,687,568.04	July 1, 2023	100	2,235,000	491397AH8
2027 ⁽²⁾	1,492,411.15	2,370,272.35	July 1, 2023	100	3,365,000	491397AJ4
2028 ⁽²⁾	1,607,016.30	2,581,027.50	July 1, 2023	100	3,930,000	491397AK1

⁽¹⁾ Target 2013 Bond; subject to exchange.

⁽²⁾ Target 2013 Bond; may not be exchanged.

As of August 1, 2021, the Authority had Outstanding \$ \$444,791,184 of Third Tier Bonds (the “2013 TIFIA Bonds”) issued to the United States Department of Transportation, acting by and through the Administrator of the Federal Highways Administration (the “TIFIA Lender”), to secure the Authority’s payment obligations relating to the loan (the “2013 TIFIA Loan”) provided to the Authority pursuant to the Transportation Infrastructure Finance and Innovation Act (“TIFIA”), 23 U.S.C. §601 et seq., and a loan agreement (the “2013 TIFIA Loan Agreement”), between the Authority and the TIFIA Lender, dated as of December 12, 2013 and amended on June 16, 2015. The 2013 TIFIA Loan Agreement will be further amended, which amendment will become effective upon the issuance of the Series 2021 Bonds. The Authority has had discussions with the TIFIA Lender relating to amending or replacing the 2013 TIFIA Loan Agreement to reduce the interest rate on the 2013 TIFIA Loan and concurrently adding additional improvements to be funded under an amended or replacement loan agreement in the approximate amount of \$17,000,000, provided that the 2013 TIFIA Loan and the new \$17,000,000 additional loan’s combined debt service with the reduced interest rate is lower than the 2013 TIFIA Loan’s debt service with the existing interest rate. In this Official Statement, reference to “TIFIA Bonds” refers to the 2013 TIFIA Bonds and reference to “TIFIA Loan” or “TIFIA Loan Agreement” refers to the “2013 TIFIA Loan” or the “2013 TIFIA Loan Agreement” as each may be modified or replaced by a new or amended agreement with the TIFIA Lender.

The Bonds are special, limited obligations of the Authority payable from and secured by the Trust Estate (as hereinafter defined), including the Pledged Receipts (as hereinafter defined) and certain specific funds and accounts created pursuant to the General Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS.” All First Tier Bonds, including the Outstanding 2013 Bonds and the Series 2021 Bonds, are equally and ratably secured under the General Indenture without preference, priority or distinction of any First Tier Bonds over any other First Tier Bonds.

The Series 2021 Bonds are subject to optional and mandatory redemption prior to maturity as more fully described herein. See “THE SERIES 2021 BONDS – Redemption Provisions.”

Trust Estate and Debt Service Reserve Account

Under the General Indenture, the Authority has granted to the Trustee, for the benefit of the owners (the “Bondholders”) of the Bonds, a pledge of the “Trust Estate,” which consists of (i) all right, title and interest of the Authority in and to the Pledged Receipts (as defined below), (ii) all moneys and securities

on deposit from time to time in the Funds and Accounts established under the Indenture which permit the application thereof for the purposes and on the terms and conditions set forth in the Indenture other than moneys and securities on deposit in the Rebate Fund, the General O&M Reserve Fund, the M&R Reserve Fund, the Tolling O&M Reserve Fund and the General Reserve Fund, as each is hereinafter described, (iii) all right, title and interest of the Authority in and to the Lease (as hereinafter defined); and (iv) any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind pledged, assigned or transferred as additional security.

The Pledged Receipts consist almost exclusively of the Authority's 50% share of the Toll Revenues from the System (the Authority's 50% share being referred to herein as "Authority Toll Revenues") and certain investment earnings (the Authority Toll Revenues and such investment earnings being referred to herein as the "Authority System Revenue").

For a more detailed description of the Pledged Receipts and the Trust Estate, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Pledge of Authority System Revenue."

Additionally, payment of principal and interest on the Outstanding 2013 Bonds and the Series 2021 Bonds when due are secured by amounts on deposit in the Proceeds Subaccount of the First Tier Common Debt Service Reserve Account established therefor under the Indenture. The Series 2021 Trust Indentures relating to the Series 2021 Bonds require that the First Tier Common Debt Service Reserve Account be funded in an amount equal to the Debt Service Reserve Requirement therefor. The Authority expects to deposit a Credit Facility to satisfy the current Debt Service Reserve Requirement for the Outstanding 2013 Bonds and the Series 2021 Bonds into the Proceeds Subaccount of the First Tier Common Debt Service Reserve Account. Cash and any Credit Facility deposited in the Proceeds Subaccount of the First Tier Common Debt Service Reserve Account will secure First Tier Bonds (excluding any TIFIA Bonds that may become First Tier Bonds upon the occurrence of a Bankruptcy Related Event, as herein defined). For more details on the amounts on deposit in the First Tier Common Debt Service Reserve Account and the uses of the moneys on deposit in the First Tier Common Debt Service Reserve Account, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Debt Service Reserve Accounts."

Upon the occurrence of a Bankruptcy Related Event, a separate Revenue Subaccount of the First Tier Common Debt Service Reserve Account will be established as security for the TIFIA Lender to pay debt service on the TIFIA Bonds. Cash and any Credit Facility deposited in the Revenue Subaccount of the First Tier Common Debt Service Reserve Account will secure only TIFIA Bonds and cash and any Credit Facility deposited in the Proceeds Subaccount of the first Tier Common Debt Service Reserve Account will secure only First Tier Bonds that are not TIFIA Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Debt Service Reserve Accounts."

Investment Considerations

The Series 2021 Bonds may not be suitable for all investors. Prospective purchasers of the Series 2021 Bonds should read this entire Official Statement and give careful consideration to certain investment considerations including those affecting the operation of the System, the continued cooperation of the Commonwealth and the State of Indiana and the collection of the Authority Toll Revenues and the termination of the Lease. See "INVESTMENT CONSIDERATIONS."

THE AUTHORITY

General

The Authority is an independent de jure municipal corporation and political subdivision of the Commonwealth constituting a governmental agency and instrumentality of the Commonwealth. The Authority was established by the Commonwealth in 2009 pursuant to the provisions of the Act to review, approve and monitor all significant transportation projects within the Commonwealth and between the Commonwealth and the State of Indiana, including the LSIORB Project. The Authority is authorized to construct, reconstruct, operate, finance and manage highway projects that are either part of the designated federal interstate system or built to the standards of the interstate system that would be designated as a mega-project by the Federal Highway Administration. The Authority is a party to the Interlocal Agreement and the Development Agreement and is the issuer of the Series 2021 Bonds. In addition, its Chairman is a member of the Joint Board established pursuant to the Interlocal Agreement and its Chairman and an additional representative of the Authority are members of the Tolling Body established pursuant to the Interlocal Agreement.

The Authority is attached for administrative purposes to the Transportation Cabinet. The records of the Authority are considered open records pursuant to Kentucky law and the meetings of the Authority are considered open meetings in accordance with Kentucky law. The Authority has the powers and authority set forth in the Act. The Authority has no taxing power.

Members

The Authority is governed by a board composed of the following eleven (11) voting members: the Secretary of the Transportation Cabinet, the Secretary of the Finance and Administration Cabinet, or the secretary's designee; a representative of the Kentucky Association of Counties, appointed by the Governor of Kentucky; a representative of the Kentucky County Judge/Executives Association, appointed by the Governor of Kentucky; a representative of the Kentucky League of Cities, appointed by the Governor of Kentucky; and six (6) citizen members (at least two (2) of whom shall be familiar with road and bridge design or the financing and administration of transportation infrastructure projects) appointed by the Governor of Kentucky and confirmed by the Kentucky Senate. The Chairman of the Authority shall be the Secretary of the Transportation Cabinet. There is currently one vacancy. Authority members whose terms have expired continue serving on the Authority until reappointed or a replacement is appointed.

Each member, appointed to represent the Commonwealth, of a bi-state authority supervising the construction of, or financing, a highway project connecting Kentucky and an adjoining state who shares duties as a presiding officer of such authority shall also serve as a non-voting *ex officio* member of the Authority. The Authority is the only such bi-state authority that has been created.

Ex officio members of the Authority serve for the terms of their respective offices and other members serve for their respective terms set forth in the Act.

The current members of the Authority are:

<u>Member</u>	<u>Expiration of Term</u>
Jim Gray, Chairman	<i>Ex-Officio</i>
Holly M. Johnson, Vice Chair	<i>Ex-Officio</i>
Timothy Atkins	October 1, 2024
Steve Austin	October 1, 2021
John “Bill” Bartleman	October 1, 2021
Harry L. Berry	October 1, 2021
William Boggs	October 1, 2023
David Dickerson	October 1, 2021
Jordan Lanham	October 1, 2023
Rebecca Swansburg	October 1, 2020*

*Term Expired; continues to serve until a successor is chosen.

KENTUCKY TRANSPORTATION CABINET

General

The Department of Highways was established as an agency of the Commonwealth by the 1912 General Assembly. Pursuant to Executive Orders 72-288 and 73-543, confirmed by the Kentucky General Assembly by legislation enacted in 1974, the Department of Transportation (the “Department”), predecessor to the State Agency, was created as the successor to, and represented a reorganization and consolidation of, the Departments of Highways, Motor Transportation and Aeronautics. The Department also succeeded to certain specific functions and responsibilities of the Department of Public Safety and the Department of Revenue as such functions and responsibilities related to transportation. Pursuant to legislation enacted in 1982, the State Agency was created as a successor to and succeeded to all duties of the Department.

The Transportation Cabinet is responsible for the construction, reconstruction and maintenance of the Commonwealth’s primary road system, which carries an estimated 85% of the Commonwealth’s motor vehicle traffic. This represents nearly 40.1 billion vehicle miles of travel. The system consists of some approximately 28,000 miles of parkways, interstate highways, the economic development road system, primary roads, secondary roads, rural secondary roads and supplemental roads, and includes approximately 9,080 bridges. Additionally, the Transportation Cabinet provides direction for licensed airports and heliports throughout the Commonwealth.

The Transportation Cabinet also regulates the operation of motor vehicles upon Kentucky’s public highways and registers approximately 4.0 million vehicles and licenses 3.0 million drivers. The Commonwealth’s Justice Cabinet is responsible for administratively enforcing Kentucky and federal laws and regulations pertaining to commercial vehicles in regard to weight and size limits, operating authority, safety, and tax compliance.

As more fully described under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – The Lease,” the Transportation Cabinet and the Authority have entered into a Lease, dated as of December 1, 2013 (the “Lease”) with respect to the Authority System pursuant to which the Transportation Cabinet has agreed to pay Rent (as defined therein) to the Trustee upon written notification to replenish amounts on deposit in the Tolling O&M Reserve Fund, the General O&M Reserve Fund and the M&R Reserve Fund. The Lease is subject to automatic renewal, subject to the right of the Transportation Cabinet in each biennial period to terminate the Lease. The Lease has been extended for each biennial period, and is currently scheduled to expire on June 30, 2022.

Pursuant to Kentucky statutes, the Transportation Cabinet is authorized and empowered to enter into agreements and leases for various types of highway projects. As more fully described in APPENDIX G – CERTAIN INFORMATION RELATING TO THE TRANSPORTATION CABINET AND THE COMMONWEALTH – Historical Available Road Fund Revenues, Expenses and Lease Rentals, the Transportation Cabinet has used the Road Fund to support lease rental obligations, including Economic Development Road Projects for The Turnpike Authority of Kentucky (the “Turnpike”) and projects of the State Property and Buildings Commission (the “SPBC”). As of August 1, 2021, the Turnpike has approximately \$915,930,000 of bonds outstanding and the SPBC has approximately \$17,095,000 in obligations outstanding that have debt service payable by Transportation Cabinet leases.

Under the provisions of the Constitution of the Commonwealth, the Transportation Cabinet is prohibited from entering into financing obligations extending beyond the biennial budget. The proposed budgets for the Transportation Cabinet are submitted to the General Assembly of the Commonwealth every two years and are subject to the discretion and approval at each successive regular or extraordinary session of the General Assembly of the Commonwealth.

Due to the impacts of COVID-19, the Kentucky General Assembly during its 2020 Regular Session enacted a one-year budget, which was adopted with the intent to address the Fiscal Year 2022 budget during the 2021 Regular Session of the General Assembly. This non-traditional approach was a direct effect of the uncertainty resulting from the temporary economic slow-down caused by the actions taken to combat COVID-19. An additional one-year budget bill for the second year of the biennium was delivered to the Governor on March 30, 2021, and the Governor vetoed parts of the bill on April 7, 2021.

The one-year budget does not adversely impact Rent payments under the Lease. However, there can be no assurance (i) that the Transportation Cabinet will include Rent payments in future budgets submitted to the General Assembly, (ii) that the General Assembly will approve appropriations in amounts sufficient to enable the Transportation Cabinet to make Rent payments under the Lease or (iii) that the Governor, in the performance of his or her obligation to balance the Commonwealth’s annual budget, will not reduce or eliminate any such appropriations. Historically, appropriations for the benefit of the Transportation Cabinet have been funded from the Road Fund. See “THE COMMONWEALTH – Budget and Appropriation.”

THE GENERAL ASSEMBLY OF THE COMMONWEALTH IS UNDER NO OBLIGATION TO MAKE APPROPRIATIONS FOR RENTAL PAYMENTS TO THE TRANSPORTATION CABINET NOR IS THE TRANSPORTATION CABINET UNDER ANY OBLIGATION TO RENEW THE LEASE.

Additional Information

For additional information relating to the Transportation Cabinet, see APPENDIX G – CERTAIN INFORMATION RELATING TO THE TRANSPORTATION CABINET AND THE COMMONWEALTH – Kentucky Transportation Cabinet.

THE COMMONWEALTH

General

The Commonwealth of Kentucky, nicknamed the Bluegrass State, was the fifteenth state admitted to the union. Kentucky is bounded by the Ohio River to the north and the Mississippi River to the west, and is bordered by the States of Illinois, Indiana, Ohio, West Virginia, Tennessee, Missouri and the Commonwealth of Virginia.

The economic impact of COVID-19 on Kentucky's revenue has been muted due to material amounts of federal stimulus. The Consensus Forecasting Group ("CFG") last met on December 4, 2020 to render the official estimates for Fiscal Year 2021 and Fiscal Year 2022. The CFG adjusted the Fiscal Year 2021 General Fund forecast to \$11,729.0 million, the Fiscal Year 2022 General Fund forecast to \$11,996.3 million, the Fiscal Year 2021 Road Fund Forecast to \$1,577.7 million, and the Fiscal Year 2022 Road Fund forecast to \$1,609.2 million. It is important to note that the model scenario predated the late December 2020 \$900 billion federal stimulus package, the release of the federal government's COVID-19 vaccination schedule, the March 2021 \$1.9 trillion stimulus package, and contemplation of any infrastructure stimulus. As stated in the Commonwealth of Kentucky Quarterly Economic & Revenue Report, Fourth Quarter, dated July 30, 2021, the Fiscal Year 2021 General Fund revenue surplus exceeded estimates by over \$1.1 billion. Interim unofficial General Fund revenues are projected to grow 3.3 percent over the Fiscal Year 2021 estimate for the first three quarters of Fiscal Year 2022, and Road Fund revenues are projected to grow 4.6 percent for the same period.

The Commonwealth has seen volatility in COVID-19 positivity rates and an increase in business activity from a relaxation of mandated closures. On June 11, 2021, Governor Andy Beshear rescinded almost all COVID-19 restrictions instituted by executive order. Certain executive orders declaring a state of emergency remain in place to allow Kentucky to remain eligible to qualify for various federal funding opportunities. Since then, however, new cases of and hospitalizations for COVID-19 are increasing in Kentucky, Indiana, and the United States at the fastest rate of growth of the pandemic since its inception because of the transmission of the highly contagious Delta variant. The Governors of Kentucky and Indiana issued executive orders on August 10, 2021 and July 29, 2021, respectively, temporarily reinstating certain previous restrictions intended to limit the spread of the pandemic.

Budget and Appropriation

The General Assembly is required by the Kentucky Constitution to adopt measures providing for the state's revenues and appropriations for each fiscal year. The Governor is required by law to submit a biennial State Budget (the "State Budget") to the General Assembly during the legislative session held in each even numbered year. State Budgets have generally been adopted by the General Assembly during those legislative sessions, which end in mid-April, to be effective upon the Governor's signature for appropriations commencing for a two-year period beginning the following July 1.

Due to the uncertainty that COVID-19 would have on the Commonwealth's economy, a one-year State Budget was adopted for fiscal year 2020-2021 during the 2020 Regular Session of the General Assembly and a one-year State Budget was adopted for fiscal year 2021-2022 during the 2021 Regular Session of the General Assembly. This nontraditional approach was a direct effect of the uncertainty resulting from the temporary economic slowdown caused by the actions taken to combat COVID-19. The Commonwealth will return to the biennial budget process for fiscal year 2023-2024.

In the absence of a legislatively enacted budget, the Supreme Court has ruled that the Governor has no authority to spend money from the state treasury except where there is a statutory, constitutional or federal mandate and the Commonwealth may be prevented from expending funds for certain state governmental functions, including the ability to pay principal of and interest, when due, on obligations that are subject to appropriation.

As more fully set forth under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – The Lease," the Transportation Cabinet has agreed to timely request appropriations from the Legislature in amounts sufficient to fulfill its obligations under the Lease.

For more a more detailed description of the Commonwealth and the Transportation Cabinet, see APPENDIX G – CERTAIN INFORMATION RELATING TO THE TRANSPORTATION CABINET AND THE COMMONWEALTH.

AMENDMENTS OF THE GENERAL INDENTURE AND PRIOR SERIES INDENTURE

On March 5, 2021, the Authority adopted a resolution (the “Resolution”) that authorized a First Supplemental General Trust Indenture, dated as of July 1, 2021 (the “Supplemental Indenture”) between the Authority and the Trustee. The Supplemental Indenture amended the General Indenture and Series Trust Indenture Number 2013-3 dated as of December 1, 2013 (the “Prior Series Indenture”), between the Authority and the Trustee, subject to the consent of a majority of the holders of Outstanding Bonds, as required by the General Indenture. The Supplemental Indenture (1) revised the definition of “Defeasance Obligations”; (2) added Kroll Bond Rating Agency, LLC to the definition of “Rating Agency”; (3) added a definition of “Excess Credit Facility Amounts” that includes interest on amounts drawn under a Credit Facility, interest in excess of interest paid to Bondholders supported by a Credit Facility, and fees and expenses of a Credit Provider; (4) clarified that Excess Credit Facility Amounts are not included in the deposits required into the First Tier Debt Service Account, the First Tier Debt Service Reserve Accounts, the Second Tier Debt Service Account, the Second Tier Debt Service Reserve Accounts, the Third Tier Debt Service Account, and the Third Tier Debt Service Reserve Accounts, as applicable; (4) modified the flow of funds to reflect the obligation to pay Excess Credit Facility Amounts after deposits to the Third Tier Debt Service Reserve Accounts; (5) amended the rating requirement for Credit Providers delivering a Credit Facility to be deposited in a Debt Service Reserve Account to “A+”, “A1” or the equivalent rating by a Rating Agency. In addition, the Resolution authorized amendment of the Prior Series Indenture so that the outstanding Series 2013C Bonds comply with the Debt Service Reserve Fund requirements of the Series 2021 Bonds (collectively, the “Amendments”).

The TIFIA Lender has consented to the Amendments. By acceptance of a confirmation of purchase of the Series 2021 Bonds, each Beneficial Owner will be deemed to have approved and agreed to the Amendments. Upon the issuance of the Series 2021 Bonds, the consent of the TIFIA Lender and the Holders of the Series 2021 Bonds will constitute the consent of the holders of a majority in principal amount of the bonds then outstanding under the General Indenture, as required for amending the General Indenture and the Prior Series Indenture.

Consequently, on the date of execution and delivery of the Series 2021 Bonds, the Amendments will become effective. Such Amendments are incorporated into the summary of those provisions set forth in this Official Statement. See APPENDIX B – “SUMMARY OF GENERAL TRUST INDENTURE”.

THE SERIES 2021 BONDS

The following summary describes certain provisions of the Series 2021 Bonds. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Indenture and the Series 2021 Bonds.

Series 2021 Bonds

The Series 2021 Bonds will be dated their date of delivery and will bear interest at the rates and mature on the maturity dates as set forth on the inside front cover page of this Official Statement. Interest on the Series 2021 Bonds will accrue from their date of delivery and will be payable semi-annually on each January 1 and July 1 (each, an “Interest Payment Date”), commencing January 1, 2022. The Series 2021 Bonds will be issued in authorized denominations of \$5,000 or any integral multiples thereof. Interest shall accrue based upon the basis of a year of twelve 30-day months.

Book-Entry Only System and Global Clearance Procedures

Book-Entry Only System

The Series 2021 Bonds, when issued, will be registered in the name of Cede & Co., the partnership nominee of The Depository Trust Company, New York, New York (“DTC”), or such other name as may be requested by an authorized representative of DTC. When the Series 2021 Bonds are issued, ownership interests will be available to purchasers only through a book-entry system maintained by DTC (the “Book-Entry Only System”). So long as Cede & Co. is the registered owner of the Series 2021 Bonds as nominee of DTC, references herein to the holders or registered owners of the Series 2021 Bonds will mean Cede & Co. and will not mean the beneficial owners of the Series 2021 Bonds. See APPENDIX H – DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES.

None of the Authority, the Trustee or the Underwriters will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by a Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the beneficial owners, (iii) the selection by DTC or by any Direct or Indirect Participant of any beneficial owner to receive payment in the event of a partial redemption of the Series 2021 Bonds or (iv) any other action taken by DTC or its partnership nominee as owner of the Series 2021 Bonds. For more information on DTC and the Book-Entry Only System, see APPENDIX H – DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES.

Global Clearance Procedures

Beneficial interests in the Series 2021 Bonds may be held through DTC, Clearstream Banking, S.A. (Clearstream) or Euroclear Bank SA/NV (Euroclear) as operator of the Euroclear System, directly as a participant or indirectly through organizations that are participants in such system. For more information see APPENDIX H – DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES.

Redemption Provisions*

Series 2021A Bonds

Optional Redemption at Par on or after July 1, 20__. The Series 2021A Bonds maturing on or before July 1, 20__, are not subject to optional redemption prior to maturity, except as described below in connection with a Make-Whole Optional Redemption. The Series 2021A Bonds maturing on or after July 1, 20__, are subject to redemption prior to their respective maturities on or after July 1, 20__, at the option of the Authority, in whole or in part (in increments of \$5,000) at any time, at a redemption price equal to 100% of the principal amount of such Series 2021A Bonds to be redeemed plus the unpaid interest accrued thereon to the date fixed for redemption.

Optional Redemption – Make-Whole Optional Redemption on or before July 1, 20__. The Series 2021A Bonds maturing on or before July 1, 20__, are subject to redemption at the option of the Authority, in whole or in part, at any time, at the Make-Whole Redemption Price (as defined herein). The “Make-Whole Redemption Price” is the greater of (i) 100% of the principal amount of the Series 2021A Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2021A Bonds to be redeemed, not including any portion of those payments of interest

* Preliminary, subject to change.

accrued and unpaid as of the date on which the Series 2021A Bonds are to be redeemed, discounted to the date on which the Series 2021A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (defined below) plus 0.____%; plus in each case, accrued and unpaid interest on the Series 2021A Bonds to be redeemed on the redemption date.

For purpose of determining the Make-Whole Redemption Price, the following definitions apply:

“Treasury Rate” means, with respect to any redemption date for any particular Series 2021A Bond, the greater of:

(i) the yield to maturity as of such redemption date of the United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to maturity; provided, however, that if the period from the redemption date to maturity is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used; all as will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the Authority at the Authority’s expense and such determination shall be conclusive and binding on the owners of the Series 2021A Bonds, and

(ii) the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue (defined below), assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price (defined below), as calculated by the Designated Investment Banker (defined below).

“Comparable Treasury Issue” means, with respect to any redemption date for a particular Series 2021A Bond, the United States Treasury security or securities selected by the Designated Investment Banker that has an actual or interpolated maturity comparable to the remaining average life of the Series 2021A Bond to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date for a particular Series 2021A Bond, (i) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations (defined below), the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

“Designated Investment Banker” means one of the Reference Treasury Dealers appointed by the Authority.

“Reference Treasury Dealer” means each of the four firms, specified by the Authority, from time to time, that are primary United States government securities dealers in the City of New York, New York (each a “Primary Treasury Dealer”); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Authority will substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date for a particular Series 2021A Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such

Reference Treasury Dealer at 3:30 P.M., New York City time, on the third Business Day preceding such redemption date.

Mandatory Sinking Fund Redemption.

The Series 2021A Bonds maturing on July 1, 20__, July 1, 20__ and on July 1, 20__ are subject to mandatory sinking fund redemption in part prior to maturity on July 1, in the years set forth below, at a redemption price equal to the principal amount of the Series 2021A Bonds called for redemption, as set forth in the following tables:

<u>Series 2021A Bonds Maturing July 1, 20__</u>	
<u>Year</u>	<u>Principal Amount</u>

†

† Final maturity.

<u>Series 2021A Bonds Maturing July 1, 20__</u>	
<u>Year</u>	<u>Principal Amount</u>

†

† Final maturity.

<u>Series 2021A Bonds Maturing July 1, 20__</u>	
<u>Year</u>	<u>Principal Amount</u>

†

† Final maturity.

Series 2021B Bonds

Optional Redemption at Par on or after July 1, 20__. The Series 2021B Bonds maturing on or before July 1, 20__, are not subject to optional redemption prior to maturity. The Series 2021B Bonds maturing on or after July 1, 20__, are subject to redemption prior to their respective maturities on or after July 1, 20__, at the option of the Authority, in whole or in part (in increments of \$5,000) at any time, at a redemption price equal to 100% of the principal amount of such Series 2021B Bonds to be redeemed plus the unpaid interest accrued thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption.

The Series 2021B Bonds maturing on July 1, 20__ and July 1, 20__ are subject to mandatory sinking fund redemption in part prior to maturity on July 1, in the years set forth below, at a redemption price equal to the principal amount of the Series 2021B Bonds called for redemption, as set forth in the following tables:

<u>Series 2021B Bonds Maturing July 1, 20__</u>	
<u>Year</u>	<u>Principal Amount</u>

†

† Final maturity.

<u>Series 2021B Bonds Maturing July 1, 20__</u>	
<u>Year</u>	<u>Principal Amount</u>

†

† Final maturity.

Notice of Redemption. When the Trustee receives notice from the Authority of its election to redeem Bonds, or in order to carry out any Sinking Fund Installments or other mandatory redemption provisions of any Series Trust Indenture, the Trustee shall give notice of call for redemption, which notice shall identify (i) by designation, letters, numbers or other distinguishing marks of the Bonds or portions thereof to be redeemed, (ii) the Redemption Price to be paid, (iii) the date fixed for redemption and (iv) the place or places where the amounts due upon redemption are payable. The notice shall be given by the Trustee on behalf of the Authority by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 20 days prior to the date fixed for redemption (or such shorter period as shall be acceptable to a Bondholder) to the Bondholder of each Bond subject to redemption in whole or in part at the Bondholder's address shown on the Register on the fifteenth day preceding that mailing date; provided, that failure to receive notice by mailing, or any defect in that notice, as to any Bond shall not affect the validity of the proceedings for the redemption of any Bond. The Authority may direct the Trustee to give notice of such redemption that is conditioned upon the occurrence of an event or events.

Notice of any redemption with respect to Bonds held under a Book Entry System shall be given by the Registrar or the Trustee only to the Depository, or its nominee, as the Bondholder of such Bonds. Selection of book entry interests in the Bonds called for redemption is the responsibility of the Depository and any failure of any Direct Participant, Indirect Participant or Beneficial Owner to receive such notice and its contents or effect will not affect the validity of such notice or any proceedings for the redemption of such Bonds.

Partial Redemption. If fewer than all of the Outstanding Bonds of a Series that are stated to mature on different dates are called for redemption at one time, those Bonds which are called shall be called in such order as the Authority shall determine without regard to order of the maturities or the numbering of the Bonds of that Series to be redeemed. If fewer than all of the Bonds of a single maturity are to be redeemed, the selection of Bonds to be redeemed, or portions thereof, shall be made by lot by the Trustee in any manner which the Trustee or the Depository, if applicable, may determine. In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than the minimum authorized denomination are then Outstanding, each minimum authorized denomination thereof shall be treated as though it were a separate Bond of the minimum authorized denomination. If it is determined that one or more, but not all of the minimum authorized denominations represented by a Bond are to be called for redemption, then upon notice of redemption of an authorized denomination, the Bondholder of the Bond shall surrender the Bond to the Trustee (a) for payment of the Redemption Price of such authorized denomination or face value called for redemption (including without limitation the interest accrued to the date fixed for redemption and any premium) and (b) for issuance, without charge to the Bondholder, of a new Bond or Bonds of the same Series, in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date as, the Bond surrendered.

Bond Insurance

The scheduled payment of principal of and interest on certain of the Series 2021 Bonds (the “Insured Bonds”) when due will be guaranteed under a municipal bond insurance policy (the “Insurance Policy”) to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. (the “Insurer” or “AGM”). The Insurance Policy constitutes a “Credit Facility” under the Indenture. The Authority has covenanted and agreed in the Indenture that its payments to the Insurer for the total of all amounts paid by the Insurer under the Insurance Policy as debt service on the Insured Bonds are secured by a lien on and pledge of the Trust Estate and payable from the Trust Estate on a parity with debt service due on the First Tier Bonds and that other payments owed to the Insurer under the Insurance Policy are payable as “Excess Credit Facility Amounts” as provided in the Indenture. See APPENDIX K – “INFORMATION RELATING TO ASSURED GUARANTY MUNICIPAL CORP. AND FORM OF POLICY.”

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS

General

The Series 2021 Bonds are being issued as First Tier Bonds and are the fourth and fifth Series of First Tier Bonds issued by the Authority under the General Indenture. See “PLAN OF FINANCE” and “SOURCES AND USES OF PROCEEDS.”

Payment of principal of and interest on the Series 2021 Bonds are payable from, and secured by a first pledge of, the Trust Estate, as more fully described below. The Trust Estate consists primarily of the Authority’s 50% share of the toll revenues derived from the System (“Authority Toll Revenues”).

The Series 2021 Bonds shall not constitute a debt of the Commonwealth or any of its political subdivisions, or a pledge of the faith and credit of the Commonwealth or any of its political subdivisions. Neither the Commonwealth nor the Authority shall be obligated to pay the Series 2021 Bonds or the interest thereon, other than from the Trust Estate pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth is pledged to the payment of the principal of or the interest on the Series 2021 Bonds.

Pledge of Authority System Revenue

Pledged Receipts. The “Pledged Receipts” consist of (i) the Authority System Revenue (i.e., the Authority’s 50% share of the Toll Revenue, as defined below, plus investment earnings required to be deposited (or if related to a calculation with respect to future deposits, as reasonably estimated by the Authority to be deposited) in the Authority System Revenue Fund under the terms of the Indenture, (ii) certain payments received from counterparties in connection with variable rate hedging transactions, if any hedging transactions are entered into by the Authority in the future, and (iii) Rent under the Lease Payments (but only for application in accordance with the requirements of the Indenture for the Fund or Account into which any Lease Payment or portion thereof is deposited).

Under the Development Agreement, the Authority and the IFA each receive an equal share of the gross amount of (i) all toll receipts payable to or collected in respect of the System, (ii) administrative fees, (iii) violation charges, (iv) incidental charges, (v) penalties, and (vi) other charges collected through a collection process with respect to the System (collectively, such amounts are defined in the Development Agreement as the “Toll Revenues” and in the Indenture as “Tolls”). See “COLLECTION OF TOLL REVENUES – Historical Traffic Transactions and Toll Road Revenues.”

Trust Estate. Under the Indenture, the Authority has granted to the Trustee, for the benefit of the Bondholders, a pledge of the Trust Estate, which consists of (i) all right, title and interest of the Authority in and to the Pledged Receipts, (ii) all moneys and securities on deposit from time to time in the Funds and Accounts established under the Indenture which permit the application thereof for the purposes and on the terms and conditions set forth in the Indenture other than moneys and securities on deposit in the Rebate Fund, the General O&M Reserve Fund, the M&R Reserve Fund, the Tolling O&M Reserve Fund and the General Reserve Fund, as each is hereinafter described, (iii) all right, title and interest of the Authority in and to the Lease; and (iv) any and all other property of every kind and nature from time to time, by delivery or by writing of any kind pledged, assigned or transferred as additional security.

Liens of the Indenture

First Tier, Second Tier, Third Tier and Subordinate Bonds Authorized. The Indenture creates four separate liens on the Trust Estate:

- First Tier Bonds are secured by a first priority security interest in the Trust Estate;
- Second Tier Bonds are secured by a security interest in the Trust Estate that is subordinate to the lien securing the First Tier Bonds and, if a Bankruptcy Related Event relating to the Authority occurs, the resulting first priority lien securing Third Tier Bonds that are TIFIA Bonds;
- Third Tier Bonds are secured by a security interest in the Trust Estate that is subordinate to the lien securing the First Tier Bonds and Second Tier Bonds; and

- Subordinate Bonds are secured by a security interest in the Trust Estate that is payable from the General Reserve Fund.

Potential Parity First Priority Lien for TIFIA Bonds. The Indenture provides that upon the occurrence of a Bankruptcy Related Event (as hereinafter defined) of the Authority, (i) the TIFIA Bonds will have a first priority lien on the Trust Estate on parity with the First Tier Bonds and (ii) a Revenue Subaccount of the First Tier Common Debt Service Reserve Account will be established that would be a source of payment for TIFIA Bonds (but not First Tier Bonds that are not TIFIA Bonds) which, together with the Proceeds Subaccount of the First Tier Common Debt Service Reserve Account (which is a source of payment for First Tier Bonds that are not TIFIA Bonds), would be funded or replenished on a pro rata basis. See “Flow of Funds” below.

“Bankruptcy Related Event” means (a) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Authority or any of its debts, or of a substantial part of the assets of the Authority relating to the Authority System, under any Insolvency Law, or (ii) the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for the Authority or for a substantial part of the assets of the Authority relating to the Authority System, and, in any case referred to in the foregoing subclauses (i) and (ii), such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or (b) the Authority shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for the Authority or for a substantial part of the assets of the Authority relating to the Authority System, (ii) generally not be paying its debts as they become due unless such debts are the subject of a bona fide dispute, or become unable to pay its debts generally as they become due, (iii) fail to make two (2) consecutive payments of debt service on a TIFIA Bond when due, or (iv) make a general assignment for the benefit of creditors, or (v) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition with respect to it described in clause (a) of this definition, or (vi) commence a voluntary proceeding under any Insolvency Law, or file a voluntary petition seeking liquidation, reorganization, an arrangement with creditors or an order for relief under any Insolvency Law, or (vii) file an answer admitting the material allegations of a petition filed against it in any proceeding referred to in the foregoing subclauses (i) through (vi), inclusive, of this clause (b), or (viii) take any action for the purpose of effecting any of the foregoing.

“Insolvency Laws” means the United States Bankruptcy Code, 11 U.S.C. §101 et seq., as from time to time amended and in effect, and any state bankruptcy, insolvency, receivership or similar law now or hereafter in effect in the Commonwealth.

Flow of Funds

Except as provided in the next sentence with respect to investment earnings, all Pledged Receipts shall be deposited in the Authority System Revenue Fund. Investment earnings from the investment of moneys in any Fund and Account shall be transferred to the Authority System Revenue Fund; provided that

- investment earnings from the investment of moneys in a Project Fund and the Rebate Fund shall be deemed at all times to be a part of such Funds and the income or interest earned, gains realized or losses suffered by such Funds due to the investment thereof shall be retained in, credited or charged thereto;
- the Supplemental Indentures relating to the Outstanding 2013 Bonds provide that investment earnings on amounts on deposit in the First Tier Common Debt Service Reserve

Account shall be transferred to the First Tier Debt Service Account to pay principal of and interest on the Outstanding First Tier Bonds;

- amounts required to be transferred to the Rebate Fund shall be transferred thereto at the times and in the amounts, from the applicable Funds or Accounts, to comply with the requirements of the Code; and
- with respect to additional Bonds, earnings on any Fund created for the payment of capitalized interest may be retained in such Fund, or as otherwise provided in a Series Trust Indenture, and earnings on a Debt Service Reserve Account may be applied as otherwise provided in the Series Trust Indenture creating that Debt Service Reserve Account.

Amounts in the Authority System Revenue Fund shall be applied on the 25th day of each month (or, if such 25th day is not a Business Day, on the next Business Day), in the order of priority set forth below, but as to each purpose, only within the limitations with respect thereto and only after payment has been brought current for every preceding purpose described in the following listing.

(a) To the Debt Service Fund for deposit in the following Accounts in the amounts and in the following order of priority (to the extent that amounts available in the Authority System Revenue Fund are sufficient only to partially provide for one of the purposes described in (i) - (vi) below, the available amount shall be allocated on a pro rata basis among the Series of Bonds in the applicable Tier):

(i) First Tier Debt Service Account, (A) if interest (or Hedge Payments) is payable monthly, an amount equal to the interest (or Hedge Payments) coming due on the next Bond Interest Payment Date, (B) if interest (or Hedge Payments) is payable other than monthly, an amount equal to the amount of interest coming due on the next Bond Interest Payment Date divided by the number of months to and including the next Bond Interest Payment Date (i.e., if semi-annual payments, then $1/6^{\text{th}}$), and (C) an amount equal to the amount of principal coming due on the next principal payment date divided by the number of months to and including the next principal payment date (i.e., if annual payments, then $1/12^{\text{th}}$); provided, that, upon the occurrence of a Bankruptcy Related Event, referenced to First Tier in this paragraph shall also include TIFIA Bonds; and provided, further, that the foregoing do not include Excess Credit Facility Amounts;

(ii) In priority order, first in the Proceeds Subaccount of the First Tier Common Debt Service Reserve Account and in the Revenue Subaccount of the First Tier Common Debt Service Reserve Account (if any) and second in each Series Debt Service Reserve Account, the amount necessary to cause the amount on deposit therein to equal the applicable reserve requirement, or to reimburse a Credit Provider solely for a draw on a Credit Facility for draws made to pay principal and interest (and not Excess Credit Facility Amounts) on related Bonds; provided that: (i) such amount shall be deposited in 12 equal, consecutive, monthly installments, the first such installment to be due in the calendar month next succeeding the month in which a deficiency arose; and (ii) from and after the occurrence of a Bankruptcy Related Event affecting the Authority (as further described in the Series 2021A Trust Indenture), if both a Debt Service Reserve Requirement and a TIFIA Bonds Debt Service Reserve Requirement (each as defined in the Series 2021A Trust Indenture) apply, the amount to be deposited in each Subaccount shall be on a proportionate basis (in no priority order), with funds to be deposited in each Subaccount determined, as of the date of a transfer, by the Deficiency for each Subaccount. "Deficiency" means the difference between the amount on the deposit in the respective

Subaccount and the reserve requirement (Debt Service Reserve Requirement or TIFIA Bond Debt Service Reserve Requirement) for that Subaccount; and (iii) if a Subaccount of the First Tier Common Debt Service Reserve Account is funded, in whole or in part, with a Credit Facility, amounts may be applied to the reimbursement of draws on the Credit Facility to pay principal and interest (and not Excess Credit Facility Amounts) on First Tier Bonds or TIFIA Bonds, as applicable;

(iii) Second Tier Debt Service Account, (A) if interest (or Hedge Payments) is payable monthly, an amount equal to the interest (or Hedge Payments) coming due on the next Bond Interest Payment Date, (B) if interest (or Hedge Payments) is payable other than monthly, an amount equal to the amount of interest coming due on the next Bond Interest Payment Date divided by the number of months to and including the next Bond Interest Payment Date, and (C) an amount equal to the amount of principal coming due on the next principal payment date divided by the number of months to and including the next principal payment date;

(iv) Second Tier Debt Service Reserve Accounts, the amount necessary to cause the amount, if any, on deposit therein to equal the applicable Debt Service Reserve Requirement, or to reimburse a Credit Provider for a draw on a Credit Facility that is reimbursement for draws made to pay principal and interest on Second Tier Bonds and is not an Excess Credit Facility Amount; provided that such amount shall be deposited in 12 equal, consecutive, monthly installments, the first such installment to be due in the calendar month next succeeding the month in which the applicable deficiency arose;

(v) Third Tier Debt Service Account, and to the TIFIA Bonds subaccount and Non-TIFIA Bonds subaccount therein, as applicable, (A) if interest (or Hedge Payments) is payable monthly, an amount equal to the interest (or Hedge Payments) coming due on the next Bond Interest Payment Date, (B) if interest (or Hedge Payments) is payable other than monthly, an amount equal to the amount of interest coming due on the next Bond Interest Payment Date divided by the number of months to and including the next Bond Interest Payment Date, and (C) an amount equal to the amount of principal coming due on the next principal payment date divided by the number of months to and including the next principal payment date; and

(vi) Third Tier Debt Service Reserve Accounts, the amount necessary to cause the amount, if any, on deposit therein to equal the applicable Debt Service Reserve Requirement, or to reimburse a Credit Provider for a draw on a Credit Facility that is reimbursement solely for draws made to pay principal and interest on Third Tier Bonds; provided that such amount shall be deposited in 12 equal, consecutive, monthly installments, the first such installment to be due in the calendar month next succeeding the month in which the applicable deficiency arose. If in any month amounts are not available in the Authority System Revenue Fund to make such deposit, the Trustee shall so notify the Transportation Cabinet; provided that, after a Bankruptcy Related Event, unless a deposit in the Third Tier Debt Service Reserve Account is required to reimburse a Credit Provider for a draw on a Credit Facility for payment of principal and interest on Third Tier Bonds, no further deposits shall be made to a Third Tier Debt Service Reserve Account established for the purpose of paying the principal of and interest on TIFIA Bonds.

(b) To the payment of Excess Credit Facility Amounts due with respect to a Credit Facility related to First Tier Bonds.

(c) To the payment of Excess Credit Facility Amounts due with respect to a Credit Facility related to Second Tier Bonds.

(d) To the payment of Excess Credit Facility Amounts due with respect to a Credit Facility related to Third Tier Bonds.

(e) To the Tolling O&M Reserve Fund, an amount necessary to maintain a balance therein equal to the Tolling O&M Reserve Fund Requirement (as defined below under “Operating Reserve Funds – *Tolling O&M Reserve Fund*”).

(f) To the General O&M Reserve Fund, an amount necessary to maintain a balance therein equal to the General O&M Reserve Fund Requirement (as defined below under “Operating Reserve Funds – *General O&M Reserve Fund*”).

(g) To the M&R Reserve Fund, an amount necessary to maintain a balance therein equal to the M&R Reserve Fund Requirement (as defined below under “Operating Reserve Funds – *M&R Reserve Fund*”).

(h) To the Lease Payment Fund, the amount, if any, required to fund or repay Lease Payments, as provided in each Lease then in force and effect.

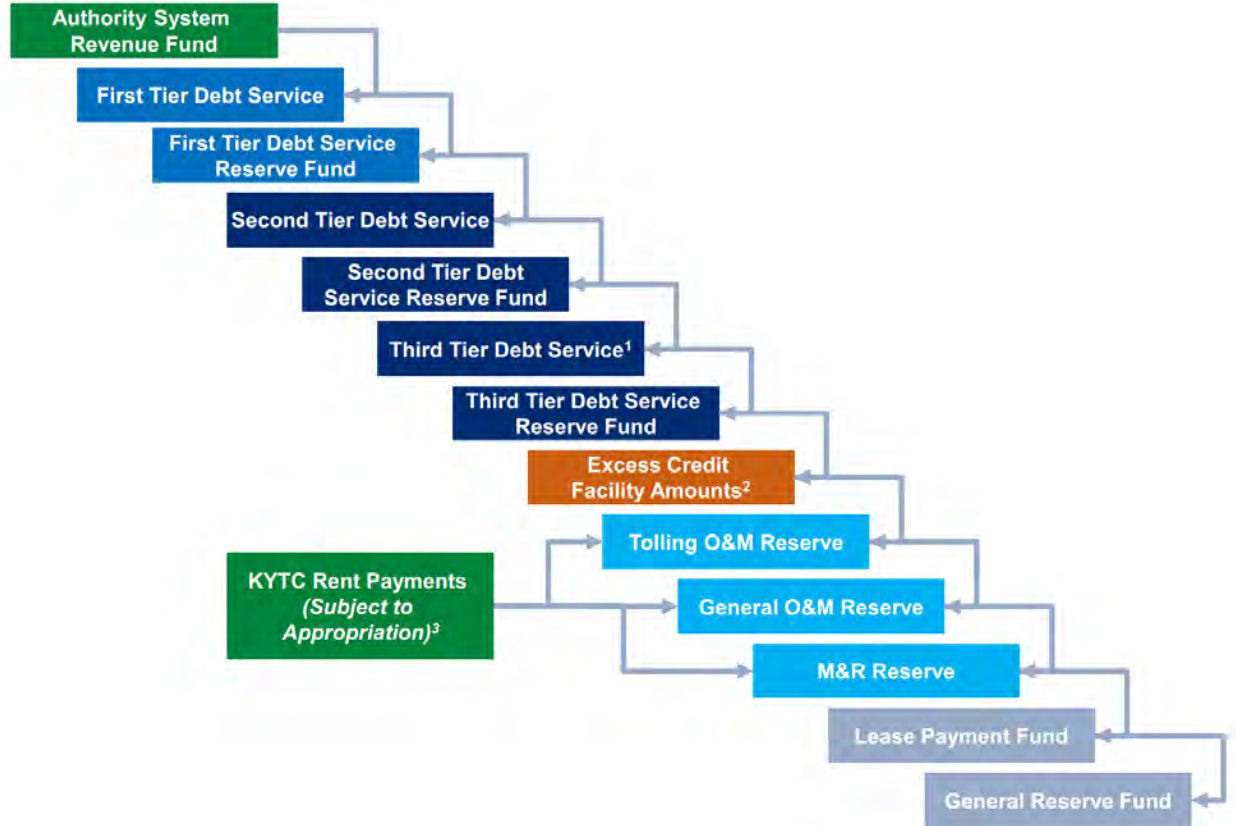
(i) To the General Reserve Fund, all remaining amounts.

For more information on the flow of funds, see APPENDIX B – SUMMARY OF GENERAL TRUST INDENTURE.

A chart showing the flow of funds under the Indenture is set forth on the following page.

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GENERAL INDENTURE FLOW OF FUNDS



¹ As described under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Liens of the Indenture,” the TIFIA Bonds under certain limited circumstances could become First Tier Bonds.

² Excess Credit Facility Amounts includes First Tier, Second Tier, and Third Tier in order of priority.

³ Any amounts payable by the Transportation Cabinet as Rent and Additional Rent shall constitute a loan to the Authority from the Transportation Cabinet in an amount equal to such additional payments. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – The Lease.”

Debt Service Reserve Accounts

First Tier Debt Service Reserve Accounts. First Tier Bonds may be secured by a common debt service reserve account (the “First Tier Common Debt Service Reserve Account”) or by a separate and distinct debt service reserve account related solely to such Series (a “Series Debt Service Reserve Account”). The First Tier Common Debt Service Reserve Account and the Series Debt Service Reserve Accounts related to First Tier Bonds are collectively referred to herein as the “First Tier Debt Service Reserve Accounts.” Each Series Trust Indenture authorizing the issuance of a Series of First Tier Bonds shall establish the Debt Service Reserve Requirement with respect to the First Tier Bonds being authorized thereby or provide that such First Tier Bonds will not be secured by any Debt Service Reserve Account.

Within the First Tier Common Debt Service Reserve Account, there is a Proceeds Subaccount that secures First Tier Bonds that are not TIFIA Bonds. Within the First Tier Common Debt Service Reserve Account, a Revenue Subaccount may be established that will secure TIFIA Bonds that have become First Tier Bonds upon the occurrence of a Bankruptcy Related Event of the Authority.

Payment of the principal and interest on the Outstanding 2013 Bonds and the Series 2021 Bonds when due will be secured by the Proceeds Subaccount of the First Tier Common Debt Service Reserve Account. The Debt Service Reserve Requirement for the First Tier Common Debt Service Reserve Account equals Maximum Annual Debt Service on the Outstanding 2013 Bonds and the Series 2021 Bonds within the prospective five (5) Fiscal Year period. Simultaneously with the issuance of the Series 2021 Bonds, the Authority will deposit a Credit Facility to satisfy the current Debt Service Reserve Requirement for the Outstanding 2013 Bonds and the Series 2021 Bonds into the Proceeds Subaccount of the First Tier Common Debt Service Reserve Account. To the extent that the Debt Service Reserve Requirement with respect to the Proceeds Subaccount of the First Tier Common Debt Service Reserve Account increases, the Authority currently plans to fund those deposits with transfers from the Revenue Fund as described above.

As of July 31, 2021, the balance in the First Tier Common Debt Service Reserve Account was \$27,571,264.65. Upon the issuance of the Series 2021 Bonds and the repayment of the Refunded Bonds, the Debt Service Reserve Requirement for the First Tier Common Debt Service Reserve Account, will be satisfied with a Credit Facility. A portion of the amount on deposit in First Tier Common Debt Service Reserve Account prior to the delivery of the Series 2021 Bonds will be used to pay a portion of the costs of the Credit Facility.

Moneys in the Proceeds Subaccount of the First Tier Common Debt Service Reserve Account will be used only to pay principal and interest on First Tier Bonds secured thereby, and not TIFIA Bonds that become First Tier Bonds upon the occurrence of a Bankruptcy Related Event.

Following the occurrence of a Bankruptcy Related Event, all amounts on deposit in the TIFIA Bonds Series Debt Service Reserve Account shall be transferred to the Revenue Subaccount of the First Tier Common Debt Service Account and no further deposits will be made in the TIFIA Bonds Series Debt Service Reserve Account. Amounts in the Revenue Subaccount of the First Tier Common Debt Service Reserve Account may be used to pay principal and interest solely on TIFIA Bonds and not other First Tier Bonds. Furthermore, the amount to be deposited in the Proceeds Subaccount of the First Tier Common Debt Service Account and the Revenue Subaccount of the First Tier Common Debt Service Account shall be on a proportionate basis (in no priority order), with funds to be deposited in each Subaccount determined, as of the date of a transfer, by the Deficiency for each Subaccount. “Deficiency” means the difference between the amount on the deposit in the respective Subaccount and the reserve requirement (Debt Service Reserve Requirement or TIFIA Bond Debt Service Reserve Requirement) for that Subaccount.

Additional Information. For additional information relating to the Debt Service Reserve Accounts for Bonds issued under the Indenture, see APPENDIX B – SUMMARY OF GENERAL TRUST INDENTURE – Establishment of Funds and Accounts; Application of Pledged Receipts.

Operating Reserve Funds

General. The Indenture creates the following operating reserve funds: the Tolling O&M Reserve Fund, the General O&M Reserve Fund and the M&R Reserve Fund (collectively, the “Operating Reserve Funds”). Amounts on deposit in each of the Operating Reserve Funds are not pledged to the payment of debt service on the Bonds and do not constitute a part of the Trust Estate, except that amounts that are in excess of the applicable requirement for any Operating Reserve Fund may be transferred to the Debt Service Fund and applied in accordance with the priority set forth in the “Flow of Funds.” To date, no Rent under the Lease has been required to fund the Operating Reserve Funds.

Tolling O&M Reserve Fund. As of July 31, 2021 the amount on deposit in the Tolling O&M Reserve Fund was approximately \$7,066,965.74. In accordance with the Flow of Funds, there shall be deposited to the Tolling O&M Reserve Fund in each month, an amount equal to the amount estimated by the Authority as being at least sufficient to pay Toll System Collection Expenses for the month following each such deposit (the “Monthly Tolling O&M Expense”), which estimate shall be provided by the Authority to the Trustee. In addition to the amount required by the preceding sentence, if the amount on deposit in the Tolling O&M Reserve Fund is less than the Tolling System Reserve Fund Requirement (without regard to the Monthly Tolling O&M Expense), the Trustee shall deposit into the Tolling O&M Reserve Fund the amount required for the balance therein (without regard to the Monthly Tolling O&M Expense) to equal the Tolling O&M Reserve Fund Requirement divided by the number of months to the end of the first full Fiscal Year after the first deposit of such additional funds in the Tolling O&M Reserve Fund. If in any month there are insufficient amounts available in the Authority System Revenue Fund to make such deposit, the Trustee shall request the payment of Rent in an amount equal to the amount that could not be deposited, which request shall be withdrawn (or deemed withdrawn) when the amount on deposit in the Tolling O&M Reserve Fund is restored to the Tolling O&M Reserve Fund Requirement. The Tolling O&M Reserve Fund Requirement for Fiscal Year 2021 was \$6,785,000 and for Fiscal Year 2022 is budgeted to be \$7,469,809.96.

Amounts in the Tolling O&M Reserve Fund shall be (i) used by the Authority to pay Toll System Collection Expenses for the current Fiscal Year as reflected in the Authority System Budget, with disbursements made upon receipt of a written request by the Trustee that includes payment instructions, and (ii) transferred to the applicable account of the Debt Service Fund in accordance with the priorities and provisions of the Flow of Funds, but only if after such transfer, the amount on deposit in the Tolling O&M Reserve Fund will be no less than the Tolling System Reserve Fund Requirement plus the Monthly Tolling O&M Expense for the following month.

“Tolling System Reserve Fund Requirement” means an amount equal to the budgeted Toll System Collection Expenses for the then current Fiscal Year as reflected in the Authority System Budget.

General O&M Reserve Fund. As of July 31, 2021 the amount on deposit in the General O&M Reserve Fund was approximately \$11,767,401.05. In accordance with the Flow of Funds, there shall be deposited to the General O&M Reserve Fund in each month, an amount equal to the amount estimated by the Authority as being at least sufficient to pay General O&M Expenses for the month following each such deposit (the “Monthly General O&M Expense”), which estimate shall be provided by the Authority to the Trustee. In addition to the amount required by the preceding sentence, the Trustee shall deposit to the General O&M Reserve Fund the amount required to fund the General O&M Reserve Fund at the General O&M Reserve Fund Requirement as follows (i) initially commencing upon first receipt of Toll Receipts,

sixty monthly equal installments such that sixty months after the first deposit of funds in the General O&M Reserve Fund, the amount on deposit therein will equal the General O&M Reserve Requirement (without regard to the Monthly General O&M Expense) and (ii) once the amount in the General O&M Reserve Fund is at least equal to the General O&M Reserve Fund Requirement (without regard to the Monthly General O&M Expense), the amount required for the balance therein (without regard to the Monthly General O&M Expense) to equal the General O&M Reserve Fund Requirement divided by the number of months to the end of the first full Fiscal Year after the first deposit of such additional funds in the General O&M Reserve Fund. If in any month there are insufficient amounts available in the Authority System Revenue Fund to make such deposit, the Trustee shall request from the Transportation Cabinet the payment of Rent under the Lease in an amount equal to the amount that could not be deposited, which request shall be withdrawn (or deemed withdrawn) when the amount on deposit in the General O&M Reserve Fund is restored to the General O&M Reserve Fund Requirement.

The Authority's obligation to fund the General O&M Reserve Fund commenced on January 25, 2017, which was the 25th day of the month following the date Tolls were received. It is expected that the General O&M Reserve Fund will be funded at the General O&M Reserve Fund Requirement in January 2022.

Amounts in the General O&M Reserve Fund shall be (i) used by the Authority to pay General O&M Expenses for the current Fiscal Year as reflected in the Authority System Budget, with disbursements made upon receipt of a written request by the Trustee that includes payment instructions, and (ii) transferred to the applicable account of the Debt Service Fund in accordance with the priorities and provisions of the Flow of Funds, but only if after such transfer, the amount on deposit in the General O&M Reserve Fund will be no less than the General O&M Reserve Fund Requirement plus the Monthly General O&M Expense for the following month.

"General O&M Expenses" means, to the extent permitted by the Act, (i) except for any Toll System Collection Expenses or M&R Expenses, all actual cash maintenance and operation costs (excluding costs of capital expenditures) incurred and paid (or if applicable forecast to be incurred and paid) in connection with the operation and maintenance of the Project and the Authority System in any particular calendar year, Fiscal Year or other period to which said term is applicable, including payments made pursuant to the Development Agreement (in each case excluding expenditures that constitute Costs related to the Project), payments for taxes (excluding income taxes), insurance, consumables, advertising, marketing, payments under real property agreements pursuant to which the Authority has rights in the Project and the Authority System, payments pursuant to the agreements for the management, operation or maintenance of the Project and the Authority System, reasonable legal fees and expenses paid by the Authority in connection with the management, maintenance or operation of the Project and the Authority System, fees paid in connection with obtaining, transferring, maintaining or amending any approvals from any Governmental Authority, costs incurred in connection with the performance of environmental mitigation work to be carried out by the Authority, amounts required for the acquisition of any Qualified Hedge or for deposits into any account maintained in accordance with the General Indenture for such purposes and reasonable general and administrative expenses, but exclusive in all cases of noncash charges, including depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature; (ii) fees and expenses under a Reimbursement Agreement or Credit Facility that are not reimbursements for draws under a Credit Facility and (iii) TIFIA Servicing Fees.

"General O&M Reserve Fund Requirement" means an amount equal to the highest consecutive four months of budgeted General O&M Expenses for the current Fiscal Year as reflected in the Authority System Budget. The General O&M Reserve Fund Requirement for Fiscal Year 2021 was \$4,865,768 and for Fiscal Year 2022 is budgeted to be \$5,100,591.

M&R Reserve Fund. As of July 31, 2021 the amount on deposit in the M&R Reserve Fund was approximately \$8,791,486.42. In accordance with the Flow of Funds, there shall be deposited to the M&R Reserve Fund in each month, an amount equal to the amount estimated by the Authority as being at least sufficient to pay M&R Expenses anticipated by the Authority to be paid from the M&R Reserve Fund for the month following each such deposit (the “Monthly M&R Expense”), which estimate shall be provided by the Authority to the Trustee.

In addition to the amount required by the preceding sentence, the Trustee shall deposit to the M&R Reserve Fund the amount required to fund the M&R Reserve Fund at the M&R Reserve Fund Requirement as follows (i) initially commencing upon first receipt of Toll Receipts, sixty monthly equal installments such that sixty months after the first deposit of funds in the M&R Reserve Fund, the amount on deposit therein will equal the M&R Reserve Fund Requirement (without regard to the Monthly M&R Expense) and (ii) once the amount in the M&R Reserve Fund is at least equal to the M&R Reserve Fund Requirement (without regard to the Monthly M&R Expense), the amount required for the balance therein (without regard to the Monthly M&R Expense) to equal the M&R Reserve Fund Requirement divided by the number of months to the end of the first full Fiscal Year after the first deposit of such additional funds in the M&R Reserve Fund. If in any month there are insufficient amounts available in the Authority System Revenue Fund to make such deposit, the Trustee shall request from the Transportation Cabinet the payment of Rent under the Lease in an amount equal to the amount that could not be deposited, which request shall be withdrawn (or deemed withdrawn) when the amount on deposit in the M&R Reserve Fund is restored to the M&R Reserve Fund Requirement.

The Authority’s obligation to fund the M&R Reserve Fund commenced on January 25, 2017, which was the 25th day of the month following the date Tolls were received. It is expected that the M&R Reserve Fund will be funded at the M&R Reserve Fund Requirement in January 2022.

Amounts in the M&R Reserve Fund shall be (i) used by the Authority to pay M&R Expenses for the current Fiscal Year as reflected in the then-current capital improvement program and Authority System Budget and to pay any other M&R Expenses that must be incurred to restore or maintain any portion of the Authority System in a safe operating condition due to damage as a result of fire, flood, earthquake, other disaster, or otherwise, with disbursements made upon receipt of a written request by the Trustee that includes payment instructions; (ii) transferred to the applicable account of the Debt Service Fund in accordance with the priorities and provisions of the Flow of Funds, but only if after such transfer, the amount on deposit in the M&R Reserve Fund will be no less than the M&R Reserve Fund Requirement plus the Monthly M&R Expense for the following month; and (iii) to the extent not required by the preceding clause (ii), transferred to the Authority System Revenue Fund or General Reserve Fund in amounts determined by the Authority, if the amount in the M&R Reserve Fund exceeds the M&R Reserve Fund Requirement plus the Monthly M&R Expense for the following month.

“M&R Reserve Fund Requirement” means an amount determined by the Authority based on its projected long-term M&R Expense needs, in consultation with a Consulting Engineer. The M&R Requirement for Fiscal Year 2021 was \$3,945,118 and for Fiscal Year 2022 is budgeted to be the same amount of \$3,945,118.

General Reserve Fund

Amounts in the General Reserve Fund shall be used by the Authority to pay expenses relating to the Authority System, providing for debt service on Bonds or as may otherwise be permitted by the Act or required by the Development Agreement, the Lease Agreement or the Interlocal Agreement, including, but not limited to, fees and expenses of Credit Providers, Hedge Termination Payments and the payment of the debt service (or Hedge Payments) on any Subordinate Bonds. Amounts withdrawn from the General

Reserve Fund and deposited in the Authority System Revenue Fund in any Fiscal Year shall not be treated as Authority System Revenue received in that Fiscal Year.

In addition, on each July 1 that TIFIA Bonds remain Outstanding, after the payment of principal and interest due on such date and the deposit and application of Authority System Revenues required by the Indenture, the Trustee shall determine the amount on deposit in the General Reserve Fund that exceeds the amounts projected in the base case provided to the TIFIA Lender at the time of the execution of the TIFIA Loan Agreement to be on deposit in the General Reserve Fund on that July 1 (the “General Reserve Annual Surplus”). One-half of the General Reserve Annual Surplus shall be transferred to a special account of the Redemption Fund to be established for the redemption of TIFIA Bonds and the remaining General Reserve Annual Surplus shall be transferred to a special account of the General Reserve Fund to be established (the “Surplus Account”). Amounts transferred to the Redemption Fund shall be applied to the redemption of TIFIA Bonds on the earliest date permitted for redemption of TIFIA Bonds. Amounts on deposit in the Surplus Account may be applied in the same manner as other amounts on deposit in the General Reserve Fund but will not be used to determine the amount on deposit in the General Reserve Fund for purposes the determining General Reserve Annual Surplus.

The Lease

General. The Authority and the Transportation Cabinet have entered into a Lease, dated as of December 1, 2013 (the “Lease”), pursuant to which the Transportation Cabinet leases from the Authority, and the Authority leases to the Transportation Cabinet, all of the properties, facilities and appurtenances constituting the Authority System, for an initial term ending June 30, 2014, with the right and privilege by the Transportation Cabinet to continue to lease and have the Authority System for biennial periods if the Transportation Cabinet exercises its option to renew the Lease. The option of the Transportation Cabinet to renew the Lease is deemed automatically exercised for the succeeding renewal term of two years coinciding with the fiscal biennium of the Commonwealth, unless the Secretary of the Transportation Cabinet delivers a written notice of its election not to renew before the close of business on the last business day in April preceding the beginning of the succeeding renewal term. The Lease has been extended for each biennial period. The next renewal date is July 1, 2022.

Rent. Upon written notice from the Trustee that deposits to the Tolling O&M Reserve Fund, the General O&M Reserve Fund or the M&R Reserve Fund required by the Flow of Funds have not been made as summarized above under “Operating Reserve Funds,” the Transportation Cabinet agrees to pay “Rent” to the Trustee as follows:

- No later than 180 days after a request therefor has been provided to the Transportation Cabinet, the amount required to permit the Trustee to make the deposits in the Tolling O&M Reserve Fund so that after any such payment of Rent and deposit, the balance in the Tolling O&M Reserve Fund will be no less than the Tolling O&M Reserve Fund Requirement;
- No later than 120 days after a request therefor has been provided to the Transportation Cabinet, the amount required to permit the Trustee to make the deposits in the General O&M Reserve Fund so that after any such payment of Rent and deposit, the balance in the General O&M Reserve Fund will be no less than the General O&M Reserve Fund Requirement; and
- No later than August 1 of the next even numbered year after a request therefor has been provided to the Transportation Cabinet, the amount required to permit the Trustee to make the deposits in the M&R Reserve Fund so that after any such payment of Rent and deposit,

the balance in the M&R Reserve Fund will be no less than the M&R Reserve Fund Requirement.

Any amounts payable by the Transportation Cabinet as Rent and Additional Rent shall constitute a loan to the Authority from the Transportation Cabinet in an amount equal to such additional payments. Such loan is payable to the Transportation Cabinet with interest thereon at the rate of five percent per annum. The amounts payable by the Authority shall be payable solely from the Lease Payment Fund. See “Flow of Funds” above.

Transportation Cabinet Covenant to Maintain Authority System. The Transportation Cabinet acknowledges in the Lease that the Authority System is a part of the Kentucky state primary road system to be maintained by the Transportation Cabinet with the assistance of the Department of Highways and that, in the event that Authority Toll Revenues are insufficient to maintain the Authority System, the Transportation Cabinet will maintain it in compliance with its obligation under Commonwealth law to investigate all problems relating to the construction and maintenance of roads in the Commonwealth.

Covenant to Seek Appropriation for Rent and Additional Rent. The Transportation Cabinet covenants and agrees that (i) on each and every occasion when appropriations bills are prepared for introduction in the various successive Sessions of the General Assembly of the Commonwealth after a request therefor has been provided to the Transportation Cabinet in relation to the Tolling O&M Reserve Fund and the General O&M Reserve Fund and (ii) no later than October 1 of the next odd numbered year after a request therefor has been provided to the Transportation Cabinet in relation to the M&R Reserve Fund, the Transportation Cabinet will cause to be included in the appropriations proposed to be made for the Transportation Cabinet, an amount sufficient (over and above all other requirements of the Transportation Cabinet), to enable the Transportation Cabinet to pay the Rent and Additional Rent (relating to Trustee’s fees and other costs and expenses) due or to become due during the effective period of the applicable Budget Act, and thereby provide to the Authority moneys sufficient for the deposit of amounts required by the applicable sections of the General Indenture (the “Required Deposits”); provided that, so long as the Authority System Budget for the applicable period does not identify Rent as a source of the Required Deposits or the Transportation Cabinet has not determined to pay Rent, the Transportation Cabinet shall not be required to include amounts related to Rent in the appropriations proposed to be made for the Transportation Cabinet unless, notwithstanding such Authority System Budget, the Authority or the Transportation Cabinet has determined that the Trustee will not have sufficient funds to make the Required Deposits if Rent is not paid.

If the Transportation Cabinet shall give written notice to the Authority of the Transportation Cabinet’s election not to renew the Lease for any renewal term, prior to the automatic renewal hereinabove provided for, the Transportation Cabinet shall not become obligated to pay rentals beyond the last day of the then current term, and the Transportation Cabinet shall thereby forfeit all of its future options to renew and shall peacefully surrender to the Authority possession of the Authority System on or prior to the last day of the then current term; provided, however, an election on the part of the Transportation Cabinet not to renew for a future term shall not in any manner alter or diminish any obligation of the Transportation Cabinet for the then current term; and shall not preclude subsequent reinstatement of the Lease for any future renewal term, if agreed to by the Authority upon the same terms and conditions as would have been applicable if the Lease had been renewed according to the provisions thereof, except that if such reinstatement is sought when one or more installments of Rent or Additional Rent for such renewal term are overdue and unpaid, it shall be a condition of such reinstatement that such overdue Rent or Additional Rent be tendered.

The payment of Rent by the Cabinet is subject to appropriation by the General Assembly of the Commonwealth. Historically, appropriations for the benefit of the Transportation Cabinet have been

funded from the Road Fund. See APPENDIX G – CERTAIN INFORMATION RELATING TO THE TRANSPORTATION CABINET AND THE COMMONWEALTH. The General Assembly of the Commonwealth is not obligated to make such appropriations.

Financial Covenants

Rate Covenants. Under the Development Agreement, the Authority and the IFA have agreed, so long as either party has outstanding financial obligations relating to the construction or financing of the LSIORB Project, to set and maintain toll rates and charges so as to comply with each of the rate covenants of the Authority and IFA set forth below. In addition, the Development Agreement provides that the toll operations agreement entered into with the Toll Operator shall provide for a mechanism for annual or more frequent periodic review of the adequacy of existing toll schedules and adjustment mechanisms to produce Toll Revenues to support the respective payment and covenant obligations of the Authority and IFA relating to the financing of the Downtown Crossing Segment and the East End Crossing Segment.

The Development Agreement further provides that, if (a) the actual or projected Indiana Revenue Share or Kentucky Revenue Share of Toll Revenues (defined as “Authority Toll Revenue” in the Indenture) for the then current Fiscal Year is less than the amount required to pay the respective payment obligations or to satisfy the respective financial covenants (including but not limited to rate covenants and additional indebtedness tests) related to financing the East End Crossing and the Downtown Crossing, respectively, or (b) the Indiana Revenue Share or the Kentucky Revenue Share for the next Fiscal Year is forecasted to be less than required to satisfy the same, then IFA or the Authority shall engage a qualified traffic and revenue consultant, acceptable to both parties, to provide a report recommending the adjustments to the toll rates and charges necessary to increase the forecasted Indiana Revenue Share and Kentucky Revenue Share to an amount forecasted to be sufficient to satisfy all applicable payment and covenant requirements for the next Fiscal Year and each of the four (4) succeeding Fiscal Years. In the selection of such consultant, the party whose share of Toll Revenues was insufficient to enable it to meet its payment and covenant requirements with respect to the Downtown Crossing or the East End Crossing, as the case may be, shall have the final decision, and the consent of the other party to the selection of such consultant shall not be unreasonably withheld. The appropriate States’ Parties shall immediately implement the recommended toll adjustments and engage the qualified traffic and revenue consultant to monitor actual cash flow and to submit reports comparing to the forecasted Indiana Revenue Share and Kentucky Revenue Share not less than quarterly for a minimum period of one year after delivery of such report. See “COLLECTION OF TOLL REVENUES – Toll Rates and Collections.”

Neither the Bondholders nor the Trustee is a third party beneficiary of the Development Agreement and neither can enforce the provisions of the Development Agreement against the parties thereto.

Authority Rate Covenant.

The Authority, in accordance with the Development Agreement and the Toll Policy Agreement, shall use its best efforts to provide for the establishment, and shall charge and collect, Tolls for the privilege of traveling on the System, at rates sufficient so that Total System Revenue are in an amount at least equal to (i), (ii), (iii), (iv) and (v):

- (i) 150% of the Annual Debt Service with respect to all Outstanding First Tier Bonds;
- (ii) 135% of the Annual Debt Service with respect to all Outstanding First Tier Bonds and Second Tier Bonds;
- (iii) 125% of the Annual Debt Service with respect to all Outstanding First Tier Bonds, Second Tier Bonds and Third Tier Bonds;
- (iv) 110% of the Annual Debt Service with respect to all Outstanding Bonds; and

- (v) 100% of the aggregate amount of the required payments described in subsections (a) through (h) of the Flow of Funds described above to the extent such payments have not been otherwise paid or provided for from Bond proceeds.

The Authority will at least annually, prior to June 30 of each Fiscal Year, review the financial condition of the System, the anticipated Total System Expenses, Debt Service Requirements, various reserves and other costs of the Authority System, and proceed in a timely fashion to recommend to the Tolling Body any required adjustment to the Toll Rate Schedule it determines is necessary to comply with the Rate Covenant to provide sufficient Authority System Revenue to fund amounts required to be deposited and maintained in the Funds and Accounts and comply with other relevant covenants in the Indenture.

Prior to recommending any revision in the Toll Rate Schedule, the Authority shall obtain: (i) a certificate of the Traffic Consultant stating, based upon reasonable assumptions and applying the revised Toll Rate Schedule, the projected Authority System Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all then-Outstanding Bonds, (ii) a certificate of the Consulting Engineer stating, based upon reasonable assumptions, the projected Total System Expenses for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds, and (iii) a certificate of an Authorized Representative stating that, based upon the information contained in the certificates described in (i) and (ii) above, the adoption of the revised Toll Rate Schedule will not cause Authority System Revenue to decrease to an amount that will cause the Authority to fail to comply with the Rate Covenant.

Any certificate delivered by the Traffic Consultant shall be based on the opinion of the Traffic Consultant as to Authority System Revenue to be derived by the Authority from the System under the terms of the Development Agreement and the Toll Policy Agreement (provided that investment and other income not related to Tolls shall be estimated by an Authorized Representative), and a certificate of an Authorized Representative stating the opinion of the Authority as to the amount of Total System Expenses paid or accrued during any pertinent Fiscal Year, assuming that the proposed Toll Rate Schedule had been in effect during the pertinent Fiscal Year.

The failure in any Fiscal Year to obtain Authority System Revenue in the amounts sufficient to enable the Authority to comply with the Rate Covenant, which failure may continue during the succeeding Fiscal Year, shall not, in and of itself, constitute an Event of Default under the Indenture if (i) the Authority within 60 days after the end of the Fiscal Year requests the written recommendations of the Traffic Consultant as to how to increase Authority System Revenues and/or the written recommendations of a Consulting Engineer as to how to reduce Total System Expenses in the following Fiscal Year to the level required to comply with the Rate Covenant, (ii) within 60 days of the date of the request from the Authority, the Traffic Consultant and/or the Consulting Engineer provide to the Authority the written recommendations described in clause (i), and (iii) the Authority takes steps to implement those recommendations within 60 days after receipt thereof and diligently proceeds to substantially comply with the recommendations of the Traffic Consultant and/or the Consulting Engineer.

For a description of the covenant of the Tolling Body to set rates sufficient to satisfy the Authority Rate Covenant, see “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS - Covenants of the Commonwealth and the State of Indiana.”

IFA Rate Covenant. The Tolling Body has agreed in the Toll Rate Resolution (as hereinafter defined) that Toll Rates shall be set so that Indiana’s 50% share of Toll Revenues is in an amount at least equal to 100% of the aggregate amount of availability payments and other financial obligations due and payable during the following year under the Public-Private Agreement entered into by the IFA and WVB East End Partners, LLC, dated as of December 27, 2012 (the “Indiana Public-Private Agreement”), during

any period that availability payments and other financial obligations under the Indiana Public Private Agreement, if any remain outstanding. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS - Covenants of the Commonwealth and the State of Indiana.”

Additional Bonds. The Indenture permits the Authority to issue additional Bonds from time to time to pay or provide for the payments of Costs of the Authority System, to refund all or a portion of a Series of Bonds, or for any combination of such purposes.

New Money Bonds. Under the Indenture, prior to the issuance of any new money Bonds or refunding Bonds that cannot satisfy the conditions set forth below under “Refunding Bonds,” either of the following series of certificates must be delivered to the Trustee:

- a certificate of the Authority (the “Authority ABT Certificate”) stating the Authority System Revenue for (i) the most recent Fiscal Year for which audited financial statements are available or (ii) any 12 consecutive month period in the immediately prior 18 months; or
- (1) a certificate of the Traffic Consultant (the “Traffic Consultant ABT Certificate”) stating, based upon reasonable assumptions, the projected Authority System Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the additional Bonds, and (2) a certificate of the Consulting Engineer (the “Consulting Engineer ABT Certificate”) stating, based upon reasonable assumptions, the projected Total System Expenses for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the additional Bonds.

First Tier Bonds. If the proposed additional Bonds are First Tier Bonds, there shall be on file with the Trustee:

- the Authority ABT Certificate, and
- a certificate of the Authority stating that the Authority System Revenue shown in the Authority ABT Certificate was at least equal to the following:
 - 175% of the Maximum Annual Debt Service for all then-Outstanding First Tier Bonds,
 - 150% of Maximum Annual Debt Service for all then-Outstanding First Tier and Second Tier Bonds,
 - 125% of Maximum Annual Debt Service for all then-Outstanding First Tier, Second Tier and Third Tier Bonds,
 - 110% of Maximum Annual Debt Service for all then-Outstanding First Tier, Second Tier, Third Tier and Subordinate Bonds, and
 - 100% of the aggregate amount of required payments described in subsection (a) through (h) under “Flow of Funds” above in the applicable Fiscal Year (taking into account the Bonds proposed to be issued and excluding any Bonds being refunded);

OR

- the Traffic Consultant ABT Certificate, and

- a certificate of the Authority stating that, based upon the information contained in the Traffic Consultant ABT Certificate, the projected Authority System Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the First Tier Bonds will be equal to or greater than the following:
 - 175% of Annual Debt Service on First Tier Bonds,
 - 150% of Annual Debt Service on First Tier and Second Tier Bonds,
 - 125% of Annual Debt Service on First Tier, Second Tier and Third Tier Bonds,
 - 110% of Annual Debt Service on First Tier, Second Tier, Third Tier and Subordinate Bonds, and
 - 100% of the aggregate amount of required payments described in subsection (a) through (h) under “Flow of Funds” above in the applicable Fiscal Year (taking into account the Bonds proposed to be issued and excluding any Bonds being refunded).

Second Tier Bonds. If the proposed additional Bonds are Second Tier Bonds, there shall be on file with the Trustee:

- the Authority ABT Certificate, and
- a certificate of the Authority stating that the Authority System Revenue shown in the Authority ABT Certificate was at least equal to the following:
 - 150% of Maximum Annual Debt Service for all then-Outstanding First Tier and Second Tier Bonds,
 - 125% of Maximum Annual Debt Service for all then-Outstanding First Tier, Second Tier and Third Tier Bonds,
 - 110% of Maximum Annual Debt Service for all then-Outstanding First Tier, Second Tier, Third Tier and Subordinate Bonds, and
 - 100% of the aggregate amount of required payments described in subsection (a) through (h) under “Flow of Funds” above in the applicable Fiscal Year (taking into account the Bonds proposed to be issued and excluding any Bonds being refunded);

OR

- the Traffic Consultant ABT Certificate, and
- a certificate of the Authority stating that, based upon the information contained in the Traffic Consultant ABT Certificate, the projected Authority System Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the First Tier Bonds will be equal to or greater than the following:

- 150% of Annual Debt Service on First Tier and Second Tier Bonds,
- 125% of Annual Debt Service on First Tier, Second Tier and Third Tier Bonds,
- 110% of Annual Debt Service on First Tier, Second Tier, Third Tier and Subordinate Bonds, and
- 100% of the aggregate amount of required payments described in subsection (a) through (h) under “Flow of Funds” above in the applicable Fiscal Year (taking into account the Bonds proposed to be issued and excluding any Bonds being refunded).

Third Tier Bonds. If the proposed additional Bonds are Third Tier Bonds, there shall be on file with the Trustee:

- the Authority ABT Certificate, and
- a certificate of the Authority stating that the Authority System Revenue shown in the Authority ABT Certificate was at least equal to the following:
 - 125% of Maximum Annual Debt Service for all then-Outstanding First Tier, Second Tier and Third Tier Bonds,
 - 110% of Maximum Annual Debt Service for all then-Outstanding First Tier, Second Tier, Third Tier and Subordinate Bonds, and
 - 100% of the aggregate amount of required payments described in subsection (a) through (h) under “Flow of Funds” above in the applicable Fiscal Year (taking into account the Bonds proposed to be issued and excluding any Bonds being refunded);

OR

- the Traffic Consultant ABT Certificate, and
- a certificate of the Authority stating that, based upon the information contained in the Traffic Consultant ABT Certificate, the projected Authority System Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the First Tier Bonds will be equal to or greater than the following:
 - 125% of Annual Debt Service on First Tier, Second Tier and Third Tier Bonds,
 - 110% of Annual Debt Service on First Tier, Second Tier, Third Tier and Subordinate Bonds, and
 - 100% of the aggregate amount of required payments described in subsection (a) through (h) under “Flow of Funds” above in the applicable Fiscal Year (taking into account the Bonds proposed to be issued and excluding any Bonds being refunded).

Subordinate Bonds. Except if provided in a related Series Indenture, if the proposed additional Bonds are Subordinate Bonds, there shall be on file with the Trustee:

- the Authority ABT Certificate, and
- a certificate of the Authority stating that the Authority System Revenue shown in the Authority ABT Certificate was at least equal to the following:
 - 110% of Maximum Annual Debt Service for all then-Outstanding First Tier, Second Tier, Third Tier and Subordinate Bonds, and
 - 100% of the aggregate amount of required payments described in subsection (a) through (h) under “Flow of Funds” above in the applicable Fiscal Year (taking into account the Bonds proposed to be issued and excluding any Bonds being refunded);

OR

- the Traffic Consultant ABT Certificate, and
- a certificate of the Authority stating that, based upon the information contained in the Traffic Consultant ABT Certificate, the projected Authority System Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the First Tier Bonds will be equal to or greater than the following:
 - 110% of Annual Debt Service on First Tier, Second Tier, Third Tier and Subordinate Bonds, and
 - 100% of the aggregate amount of required payments described in subsection (a) through (h) under “Flow of Funds” above in the applicable Fiscal Year (taking into account the Bonds proposed to be issued and excluding any Bonds being refunded).

Completion Bonds. If the proposed Bonds are Completion Bonds, there shall be on file with the Trustee:

(A) a certificate of the Authority stating that the principal amount of such Completion Bonds does not exceed 10% of the aggregate principal amount of Bonds originally issued to finance the Project or the Additional Project, if applicable;

(B) a certificate of the Consulting Engineer setting forth the amount estimated to be needed to complete the Project to be financed with the Completion Bonds; and

(C) a certificate of the Authority stating that issuance of the Completion Bonds is necessary for the completion of the Project identified in the certificate delivered pursuant to (B) above, and that the proceeds of the Completion Bonds, together with other funds available therefor, will provide sufficient money for the completion of that Project.

Emergency Repair Bonds. If the proposed Bonds are Emergency Repair Bonds, there shall be on file with the Trustee a certificate of (A) the Consulting Engineer stating that (1) the Costs for which those Emergency Repair Bonds are to be issued are necessary to restore a portion of the Authority System to a safe operating condition, and (2) the net proceeds of those Emergency Repair Bonds are not in excess of the amount necessary to pay the Costs of the emergency repairs, and (B) the Transportation Cabinet that funds are otherwise not available to the Transportation Cabinet or the Authority to pay the Costs of the emergency repairs.

Variable Rate Bonds. If the proposed Bonds are to bear interest payable pursuant to a variable interest rate, so long as TIFIA Bonds are Outstanding, the requirements of the TIFIA Loan Agreement related to variable interest rate indebtedness, such as hedging the variable interest rate exposure, must be satisfied.

Refunding Bonds. Under the Indenture, the Authority may issue Refunding Bonds to refund all or any portion of the Outstanding Bonds or any other bonds or obligations of the Authority without satisfying the test set forth above for new money Bonds so long as (i) such Series of Refunding Bonds are being issued for the purpose of refunding all or a portion of one or more Series of Bonds of the same Tier as the Series of Refunding Bonds to be issued, or a Tier senior to the Tier of the Series of Refunding Bonds and (ii) the Authority delivers to the Trustee evidence that the Annual Debt Service (taking into account debt service on the Refunding Bonds and excluding debt service on the Bonds to be refunded) will not increase by more than \$5,000 in any Fiscal Year through the last scheduled maturity of Outstanding Bonds following the issuance of the Series of Refunding Bonds.

Inclusion of Additional Project Revenues. With the consent of TIFIA under the TIFIA Loan Agreement, when Bonds are to be issued after the date that an Additional Project has been or will be added to the System, the Authority System Revenue derived or to be derived from such Additional Project may be included in the calculation of compliance with the additional Bonds test described above.

A more complete description of the covenants referred to above, as well as additional covenants relating to the Bonds, is set forth in APPENDIX B – SUMMARY OF GENERAL TRUST INDENTURE – Particular Covenants of the Authority.

Covenants of the Commonwealth and the State of Indiana

The States' Parties (consisting of the State of Indiana acting by and through the INDOT and IFA, and the Commonwealth acting by and through the Transportation Cabinet and the Authority), have agreed in the Development Agreement that the toll revenue payable to the Authority under the Development Agreement (i.e., the Tolls as defined in the Indenture) shall be no less than the amount necessary to meet the requirements described under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Financial Covenants – *Rate Covenants* – Authority Rate Covenant." Neither the Bondholders nor the Trustee is a third party beneficiary of the Development Agreement and neither can enforce the provisions of the Development Agreement against the parties thereto.

In addition, the Tolling Body has covenanted in the Toll Rate Resolution, that so long as either the Authority or IFA has outstanding payment obligations related to the design, construction, financing, operating and maintenance of the Project (including all obligations of the Authority under the General Indenture), the Tolling Body will establish tolls at rates expected to sufficient to meet each of the Authority Rate Covenant and the IFA Rate Covenant.

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SOURCES AND USES OF PROCEEDS

The proceeds of the Series 2021 Bonds are expected to be applied in the following manner:

	Series 2021A	Series 2021B	Total
Sources of Funds			
Principal Amount of Bonds	\$	\$	\$
Original Issue Premium			
Available Funds			
Total Sources	<u>\$</u>	<u>\$</u>	<u>\$</u>
Uses of Funds			
Repayment of the Refunded Bonds	\$	\$	\$
Purchase or Exchange of Series 2013 Bonds			
Costs of Issuance ⁽¹⁾			
Total Uses	<u>\$</u>	<u>\$</u>	<u>\$</u>

⁽¹⁾ Includes cost of underwriters' discount, consultants' fees, fees and expenses of bond counsel, counsel to the Authority and counsel to the underwriters, rating agency fees, printing expenses, Trustee fees, Verification Agent fees, Dealer-Manager fees, fees of the Information and Tender Agent, insurance premiums, surety premiums and other costs associated with the issuance of the Bonds, and other miscellaneous costs and expenses.

PLAN OF FINANCE

General. The proceeds of the Series 2021A Bonds, together with certain other available amounts on deposit in the Debt Service Fund and First Tier Common Debt Service Reserve Fund, are expected to be used to (i) refund the Refunded Bonds, (ii) pay a portion of the purchase price of a Credit Facility to be deposited in the First Tier Common Debt Service Reserve Account and (iii) pay the costs of issuance of the Series 2021 Bonds, including payment of the initial premium for the Insurance Policy. The proceeds of the Series 2021B Bonds are expected to be used to (i) fund the purchase or exchange of certain of the Authority's outstanding bonds tendered and accepted by the Authority, (ii) pay a portion of the purchase price of a Credit Facility to be deposited in the First Tier Common Debt Service Reserve Account and (iii) pay the costs of issuance of the Series 2021 Bonds, including payment of the initial premium for the Insurance Policy. See "SOURCES AND USES OF PROCEEDS."

Defeasance and Redemption of Refunded Bonds. Upon delivery of the Series 2021 Bonds to the Underwriters, the Authority will provide for the defeasance and payment of the Refunded Bonds by irrevocably depositing a portion of the proceeds of the Series 2021A Bonds and other available moneys in a special fund created by the Indenture (the "Redemption Fund"). Such proceeds and other moneys deposited will be held as cash or invested in certain Defeasance Obligations (as defined in "APPENDIX B - SUMMARY OF GENERAL TRUST INDENTURE" herein) (the "Defeasance Securities") the maturing principal of and interest on which, together with cash on deposit in the Redemption Fund, will be sufficient without reinvestment to pay the principal of and interest on the Refunded Bonds due on and prior to maturity or earlier redemption date. Under the Indenture, the Redemption Fund (including the moneys and Defeasance Securities on deposit therein), to the extent needed to pay the principal of and interest on the Refunded Bonds on and prior to their maturity or earlier redemption, is irrevocably pledged to the payment of such principal and interest and will not be available to pay principal of or interest on any other Outstanding Bonds. American Municipal Tax-Exempt Compliance Corporation (the "Verification Agent") will verify the sufficiency of amounts so deposited and invested to provide for such payments.

Invitation to Tender and Exchange. Pursuant to the Offer to Tender or Exchange Certain Bonds, (the “Invitation to Tender and Exchange”), and the Notice of Purchase Prices and Exchange Factors (the “Pricing Notice” and, together with this Official Statement and the Invitation to Tender and Exchange, the “Authority Offer Documents”), the Authority will offer to (i) purchase the Target 2013 Bonds tendered by any Bondholder for cash with proceeds of the Series 2021B Bonds (the “Tender Offer”) and (ii) accept Series 2013A Bonds that are Target 2013 Bonds tendered by Holders that are either (x) a sophisticated municipal market professional as defined in Rule D-15 of the Municipal Securities Rulemaking Board or (y) a “qualified institutional buyer” within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (each a “Qualified Investor”) in exchange (the “Exchange Offer”) for a specified amount of the Series 2021B Bonds, all subject to the conditions set forth in the Authority Offer Documents. Further information regarding the exchange can be obtained from Globic Advisors, the Information Agent and Exchange Agent, as set forth in the Invitation to Tender and Exchange. The Invitation to Tender and Exchange is available, and the Pricing Notice will be made available, no later than Noon (New York City time) on September 9, 2021: (i) at the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org>, using the CUSIP numbers for the Target 2013 Bonds; (ii) to DTC and to the DTC participants holding such Target 2013 Bonds; and (iii) by posting electronically on the website of the Information Agent at <https://www.globic.com/kptia>. The information presented in the Authority Offer Documents is not incorporated by reference herein.

The Invitation to Tender and Exchange provides that the Authority will purchase any and all Target 2013 Bonds tendered for purchase and cause the exchange of Series 2021B Bonds for any and all Target 2013A Bonds tendered for exchange, provided that Target 2013 Bonds tendered for purchase and Target 2013A Bonds tendered for exchange must be made by September 14, 2021 at 5:00 PM New York City time (the “Expiration Date”), as may be extended pursuant to the Authority Offer Documents. Following the Expiration Date and prior to the pricing of the Series 2021A Bonds, the Authority will elect to accept for purchase or exchange any and all outstanding Target 2013 Bonds validly tendered pursuant to the Authority Offer Documents, and that determination will result in the principal amount of the Series 2021B Bonds. It is anticipated that, subject to market conditions, all of the Target 2013 Bonds not purchased or exchanged pursuant to the Tender Offer and Exchange Offer will be defeased from the proceeds of the Series 2021A Bonds.

On the date of delivery of the Series 2021B Bonds, the Authority will purchase any and all Target 2013 Bonds tendered for purchase and cause the exchange of Series 2021B Bonds for any and all Target 2013 Bonds tendered by Qualified Investors, all as described in the Authority Offer Documents.

Subsequent to the exchange of the Series 2021B Bonds for the applicable Series 2013 Bonds, the Authority will be discharged from all obligations with respect to the Series 2013 Bonds tendered for exchange.

THE SYSTEM

The System is currently comprised of a single project – the Louisville-Southern Indiana Ohio River Bridges Project (the “LSIORB Project”), which began tolling in December 2016. Additional projects (“Additional Projects”) may be added to the System from time to time if authorized under the Act and under the Interlocal Agreement. If an Authorized Officer notifies the Trustee in writing that an Additional Project has been or will be added to the System, the Authority Toll Revenues projected to result from such Additional Project may be taken into consideration in calculating the Additional Bonds Test. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Financial Covenants – *Additional Bonds* – Additional Project Bonds.”

As used herein, the “Authority System” refers to the part of the System that is operated and maintained by the Authority under the terms of the Development Agreement (generally, the portions of the System located in the Commonwealth).

Development of the LSIORB Project

The LSIORB Project was a construction and reconstruction project undertaken to address long-term cross-river transportation needs in the Louisville metropolitan area. The LSIORB Project was developed over more than 40 years in recognition of the need to improve cross-river mobility between Jefferson County, Kentucky and Clark County, Indiana.

The Transportation Cabinet awarded the design-build construction contract to Walsh Construction Company on December 7, 2012. By December of 2016, major construction of the LSIORB Project was completed. The bridges were opened to traffic on time and under budget. Tolling commenced on December 31, 2016.

Development Agreement

The Commonwealth, acting by and through the Transportation Cabinet, the Authority, the State of Indiana, acting by and through the INDOT, the IFA and the Bridges Authority entered into a Bi-State Development Agreement Concerning the Louisville Southern Indiana Ohio River Bridges Project, effective December 20, 2012, as amended (the “Development Agreement”), to provide for, among other things, the financing of the construction and maintenance of the LSIORB Project.

Under the Development Agreement, the Commonwealth was responsible for the procurement, financing, and construction of the Downtown Crossing Segment and the State of Indiana was responsible for financing the East End Crossing Segment. The Commonwealth and the State of Indiana also agreed to share the responsibility for operating and maintaining the System, as described more fully herein under “Maintenance of the System.” Together the Authority, the Transportation Cabinet, INDOT and IFA, via the Joint Board and the Tolling Body, as each is hereinafter described, are responsible for setting the toll rates and collecting the tolls for the System.

Interlocal Agreement

In addition, in order to coordinate the various aspects of the construction, tolling, maintenance and operation of the System, the IFA, the Authority, INDOT and the Transportation Cabinet have entered into an Interlocal Agreement for the Design, Procurement, Construction, Financing, Tolling, Operation and Maintenance for the Louisville-Southern Indiana Ohio River Bridges System, effective as of December 17, 2012 (the “Interlocal Agreement”).

Pursuant to the Interlocal Agreement, the parties agreed to establish the Joint Board and the Tolling Board as follows:

- The Joint Board is composed of the Chairman of the Authority, the Secretary of the Kentucky Transportation Cabinet, the Public Finance Director of the State of Indiana (who is the chief administrative officer of the IFA), and the Commissioner of INDOT and administers the Interlocal Agreement and exercises other powers and authorities in the Interlocal Agreement and the Development Agreement. The primary function of the Joint Board is to procure and oversee a toll system integrator and toll collection operations.

- The Tolling Body is composed of the members of the Joint Board plus an additional representative of each of the Authority and IFA and is responsible for toll policy development and the establishment of toll rates (the “Toll Rate Schedule”). The Tolling Body established initial toll rates for the System by its adoption of a resolution on September 11, 2013 (the “Initial Toll Rate Resolution”), as amended on May 11, 2016 and November 30, 2016 (the “Toll Rate Resolution”).

For more information relating to the Toll Rate Schedule adopted by the Tolling Body, see “THE SYSTEM – Toll Policy and “– Rates and Collections” herein.

Downtown Crossing Segment

The Downtown Crossing Segment was funded, procured, and constructed by the Commonwealth through the Transportation Cabinet and the Authority, and included the following subcomponents:

- **Kennedy Interchange (Section 1)** – reconstructing the Kennedy Interchange in downtown Louisville, at the convergence of I-64, I-65 and I-71.
- **Downtown Bridge (Section 2)** – a new Ohio River bridge located adjacent to and east of the existing I-65 Kennedy Bridge, providing six northbound I-65 lanes. The existing John F. Kennedy Bridge is converted to carry southbound I-65 traffic only. On December 6, 2016, the new downtown bridge, named the Abraham Lincoln Bridge, was opened to traffic.
- **Indiana Downtown Approach (Section 3)** – approximately one mile of reconfigured I65 and associated ramps north of the Ohio River Downtown Bridges, and including new and improved access to Clarksville and Jeffersonville, Indiana via Court Avenue, 6th Street and 10th Street.

The Transportation Cabinet achieved substantial completion of the Downtown Crossing Segment on November 18, 2016 and final acceptance on September 11, 2017.

East End Crossing Segment

The East End Crossing Segment was funded, procured, and constructed by the State of Indiana through the Indiana Department of Transportation (the “INDOT”) and Indiana Finance Authority (the “IFA”), and including the following subcomponents:

- **East End Kentucky Approach (Section 4)** – approximately four miles of reconstruction and new terrain road on KY 841, including reconstruction of the half diamond interchange at US 42 and KY 841, twin two-lane tunnels under the historic Drumanard property, and a four-lane approach to the new East End Bridge.
- **East End Bridge (Section 5)** – a new four-lane Ohio River bridge with a pedestrian walkway/bikeway that connects the East End Kentucky Approach section with the East End Indiana Approach section. On December 18, 2016, the east end bridge, named the Lewis and Clark Bridge, was opened to unrestricted traffic.
- **East End Indiana Approach (Section 6)** – construction of a new roadway from the existing SR 265/SR 62/Port Road Interchange to the new East End River Bridge and reconstruction of the SR 265/SR 62/Port Road Interchange which provides access to the Ports of Indiana-Jeffersonville on the Ohio River and the River Ridge Commerce Center on SR 62.

Substantial completion of the East End Crossing Segment occurred on December 18, 2016 and final acceptance was achieved on April 18, 2017.

Costs of Administration of the System

The Transportation Cabinet and the Authority entered into a Memorandum of Agreement, dated October 16, 2012 (the “MOA”), pursuant to which the Transportation Cabinet agreed to ensure that the Authority has sufficient funds available to cover its administrative costs as defined in the Act by requesting appropriation and allotment authority, and initiating cash transfers, in accordance with the MOA. The Transportation Cabinet can only make requests for appropriations and the decision to grant or deny those requests rests solely with the Kentucky General Assembly. The Transportation Cabinet agrees in the MOA, subject to the availability of appropriations, to transfer to the Authority an amount of cash sufficient to meet the expenditure needs of the Authority into an account established in the statewide accounting system for the exclusive use of the Authority (“KPTIA’s Account”). The Transportation Cabinet may not transfer, or cause to be transferred, any funds from KPTIA’s Account. The Authority can use the funds in KPTIA’s Account only for staff salaries, fees and expenses paid to financial consultants and other professional service contractors employed by, or on behalf of, the Authority, and any other expenses directly related to the functioning of the Authority. It is expected the MOA will be modified by the Transportation Cabinet and the Authority once Authority Toll Revenue becomes available to offset some or all of those expenses.

Maintenance of the System

The Authority, in cooperation with the Transportation Cabinet, is responsible for maintaining and the Authority is responsible for funding the Downtown Bridge, the Kennedy Bridge and a portion of the Kentucky approach to the East End Crossing Bridge, including associated roadways and interchanges, as noted on the Location Map as sections 1, 2 and 4A. The Indenture provides for the funding of the obligations to operate and maintain the facilities with Pledged Receipts from the General O&M Reserve Fund and the M&R Reserve Fund, as more fully described herein under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Operating Reserve Funds.” In the event moneys in such Funds are not sufficient to fully pay the costs and expenses required to be paid from such Funds, the Transportation Cabinet has agreed to pay Rent, or cause Rent to be paid, under the Lease in an amount sufficient to pay such costs and expenses. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – The Lease” herein.

Pursuant to the Indiana Public-Private Agreement, WVB East End Partners, LLC is responsible for the operations and maintenance of the Indiana I-65 approach to the Downtown Bridge, a portion of the Kentucky approach to the East End Crossing Bridge, the East End Crossing Bridge and the Indiana approaches to the East End Crossing Bridge, as noted on the Location Map as sections 3, 4B, 5 and 6.

The Development Agreement provides that the operation and maintenance expenses incurred by the Toll Operator (“Toll System Collection Expenses”) and paid from Toll Revenues and other sources available to the Authority and the IFA will be divided equally between the IFA and the Authority and the respective share of Toll System Collection Expenses will be payable from the Indiana Revenue Share and the Kentucky Revenues Share, respectively, as more fully described under “COLLECTION OF TOLL REVENUES – Toll Rates and Collections – *Sharing of Tolls.*” The Indenture provides for the funding of the Toll System Collection Expenses with Pledged Receipts from the Tolling O&M Reserve Fund, as more fully described herein under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Operating Reserve Funds.” In the event moneys in the Tolling O&M Reserve Fund are not sufficient to fully pay the costs and expenses required to be paid from the Tolling O&M Reserve Fund, the Transportation Cabinet has agreed to pay Rent, or cause Rent to be paid, under the Lease in an amount

sufficient to pay such costs and expenses. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – The Lease” herein.

Insurance

The Authority carries insurance on or in connection with its facilities to protect against direct physical loss or damage and resulting loss of revenue and against liability in such amounts as it deems appropriate, considering deductible and other sources from which to cover losses and the scope of insurable hazards. A portion of the insurance is provided by the Authority’s captive insurer, XL Insurance America, Inc. The policy covers \$50,000,000 per occurrence with a \$10,000,000 deductible. From time to time, the Authority may change the types of, and deductibles and limits on, the insurance it carries, subject to any requirements under the General Indenture and the Development Agreement

COLLECTION OF TOLL REVENUES

Permission from FHWA to Impose Tolls on the System

The Federal Highway Administration of the United States Department of Transportation (“FHWA”), the Transportation Cabinet, the Authority, INDOT and IFA have entered into an agreement (the “Section 129 Toll Agreement”), in accordance with the provisions of Section 129(a) of Title 23 of the United States Code (“Section 129(a)”), wherein the Transportation Cabinet, the Authority, INDOT and IFA agree that toll revenues from the operation of the System will be used first for debt service (including financing payments and the funding of reasonable reserves), for reasonable return on investment of any private person financing the System or any portion thereof, and for the costs necessary for the proper operation and maintenance of the System, including reconstruction, resurfacing, restoration, and rehabilitation, as provided in paragraph 3 of Section 129(a). The Authority or the Transportation Cabinet, and IFA or INDOT, as the case may be, may be reimbursed, out of its State’s share of the toll revenues related to the System, for any payments made from highway transportation appropriations (whether transferred to it or received directly by it) to satisfy any of the permissible uses of toll revenues set forth in the first sentence of this paragraph, including, in the case of IFA, any payments made by IFA to WVB East End Partners, LLC under the Indiana Public-Private Agreement relating to the East End Crossing that satisfy any such permissible uses of toll revenues. The Authority, the Transportation Cabinet, INDOT and IFA have agreed in the Section 129 Toll Agreement to certify annually that the System is being adequately maintained. Consequently, under the Section 129 Toll Agreement, the System may be tolled at any time and the revenues therefrom may be applied as provided in the Development Agreement.

Toll Policy Agreement

On May 11, 2015, the Authority, the Transportation Cabinet, INDOT and IFA entered in a toll policy agreement (the “Toll Policy Agreement”), which establishes a comprehensive toll policy for the System. The guiding principles of the toll policy include that (i) all electronic tolling will be used to maximize cross-border mobility and ease of travel, (ii) citizens of the region dependent on cross-border travel for employment have access to more affordable tolling options, and (iii) revenue generated by the toll system be adequate to support the obligations incurred by the parties for financing and maintaining the System.

Toll Rates and Collections

Toll Rates. The Toll Rate Resolution provides for an initial toll rate schedule and that such initial rates will increase annually, beginning July 1, 2018, for as long as tolls are in force, by the greater of

inflation as measured by the Consumer Price Index or 2.5%. Frequent passenger vehicle travelers are eligible for the discount program.

For 2-axle passenger vehicles with a transponder, a 50% frequent-user discount program is in effect for accounts with 40 or more trips within a calendar month. Frequent user discount transactions represented 15-16% of total passenger vehicle transactions during the first three years of operation. In 2020, this share dropped to 14.2% and then dropped further to 10.5% through February 2021, reflecting the decrease in commuting trips during COVID-19.

The following table sets forth the Toll Rate Schedule for each Fiscal Year since 2017:

Fiscal Year (ending June 30)	Toll Rates									
	<u>Passenger Vehicle (Class 1)</u>				<u>Medium Vehicle (Class 2)</u>				<u>Large Vehicle (Class 3)</u>	
	<u>Discount Program</u>	<u>ETC</u>	<u>Registered Video</u>	<u>Other Video</u>	<u>ETC</u>	<u>Registered Video</u>	<u>Other Video</u>	<u>ETC</u>	<u>Registered Video</u>	<u>Other Video</u>
2017	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$6.00	\$7.00	\$10.00	\$11.00	\$12.00
2018	1.00	2.00	3.00	4.00	5.00	6.00	7.00	10.00	11.00	12.00
2019	1.03	2.05	3.07	4.10	5.13	6.15	7.18	10.25	11.28	12.30
2020	1.06	2.10	3.16	4.20	5.26	6.30	7.36	10.51	11.56	12.61
2021	1.07	2.15	3.24	4.31	5.39	6.46	7.54	10.77	11.85	12.93
2022	1.11	2.21	3.33	4.42	5.53	6.63	7.73	11.04	12.15	13.26

The following describes the types of vehicles included in each Class for Toll Rate Schedule purposes:

- Class 1 vehicles are 2-axle vehicles up to 7½ feet in height.
- Class 2 vehicles are 2-axle vehicles more than 7½ feet in height, all 3-axle vehicles and all 4-axle vehicles.
- Class 3 vehicles are vehicles with 5 axles or more.

The Tolling Body, in accordance with the Development Agreement, the General Indenture and the Indiana Public-Private Agreement, agreed that, as long as either the Authority or IFA has outstanding payment obligations related to the design, construction, financing, operation and maintenance of the System, including obligations of the Authority and IFA under the General Indenture, TIFIA loan agreements or the Indiana Public-Private Agreement, to establish tolls at rates expected to be sufficient to meet each of the IFA Rate Covenant and the Authority's Rate Covenant.

In connection with the Authority's Rate Covenant, the Tolling Body has stated in the Toll Rate Resolution that it resolves, pledges to and agrees with the Authority and the holders of all Bonds or other obligations authorized by the General Indenture that are related to the Project, that the Tolling Body will (a) take all actions necessary and convenient to permit the Authority to fulfill the terms of the Authority's Rate Covenant and (b) not limit or alter the rights and powers vested in the Authority to fulfill the terms of the Authority's Rate Covenant.

Methods of Paying Tolls. Toll rates vary by vehicle class and the following collection types:

- Prepaid Account with Transponder – sensors read a transponder on the windshield and the toll is deducted from the customer’s prepaid balance.
- Prepaid Account Without Transponder – the vehicle’s license plate is photographed and the toll is deducted from the customer’s prepaid account.
- No Account (Pay by Mail/Pay by Plate) – the vehicle’s license plate is photographed; the toll can be paid online and, if not, an invoice will be mailed to the registered owner of the vehicle.

E-ZPass is the transponder method by which electronic tolls are collected. The E-ZPass system is used on most tolled roads, bridges and tunnels in the northeastern United States. Currently, there are 34 member agencies in 19 states operating E-ZPass on roads, bridges and tunnels in the Northeast, the South and the Midwest that make up the E-ZPass Interagency Group (“IAG”). All member agencies use compatible technology, allowing travelers to use the same E-ZPass transponder throughout the IAG network.

If the vehicle does not have an E-ZPass transponder, the license plate is read through a video collection system. Owners of vehicles without an E-ZPass transponder can elect to pre-register their license plates, in which case bills are sent and a surcharge is added. If owners without E-ZPass transponders do not preregister, the owner’s address is obtained through Department of Motor Vehicles records and bills are sent to that address and an additional surcharge is added.

Sharing of Tolls. All Toll Revenues received shall be allocated equally between the Authority (the “Kentucky Revenue Share”) and IFA (the “Indiana Revenue Share”). Likewise, as more fully described above, the Toll Collection System Expenses will be divided equally and payable from the Kentucky Revenue Share and the Indiana Revenue Share.

The Joint Board, through the IFA, entered into a toll services agreement, dated as of May 12, 2015 (the “Toll Services Agreement”), with Kapsch Trafficom IVHS, Inc., to serve as the toll services provider (“TSP”). The TSP is responsible for the collection of Toll Revenues on the Project. Under the Toll Services Agreement, the TSP is also responsible for providing walk-in centers in the Commonwealth and the State of Indiana to serve users of the Project. The TSP earns a set fee for these services paid monthly. The Toll Services Agreement constitutes both a toll system integrator agreement and a toll operator agreement under the Development Agreement. The Toll Services Agreement expires on December 30, 2023. There was a procurement to replace the TSP and Electronic Transaction Consultants LLC (“ETC”) was approved by the Joint Board on June 25, 2021. ETC is expected to become the TSP prior to December of 2023. On August 16, 2021, it was announced that Quarterhill Inc. had entered into an agreement with Align Capital Partners to acquire 100% of ETC’s outstanding equity.

The Joint Board, through the IFA, contracted with eTrans KY Inc., in February 2015 to serve as the toll system advisor (the “Toll System Advisor”), responsible for overseeing the work of the TSP and the design and testing of the Toll Collection System and monitoring the TSP to ensure it meets performance requirements. In June 2015, the Joint Board voted to cancel the contract with eTrans KY Inc. and engaged the Parsons Transportation Group to serve as Toll System Advisor on a temporary basis. On December 18, 2018, the Joint Board, through the IFA, approved the contract with HNTB Corporation to serve as Toll System Advisor with respect to the Project. The contract with HNTB Corporation expires in December 2023.

System users send all toll related payments, including prepaid toll balances, to a custodial account on behalf of the Joint Board, which is held in trust and exempt from the bankruptcy estate of the TSP. The account is held by U.S. Bank National Association, as custodian. Generally, E-ZPass customers are required to prepay their accounts by cash or credit card. Deposits to the account are made by wire on each business day (other than Monday), in an amount equal to the prior business day's aggregate tolls, less applicable transaction fees. On Mondays, deposits to the account are made by wire in an amount equal to the aggregate tolls less applicable transaction fees for the previous Friday, Saturday and Sunday. The TSP is required to reconcile the amount of funds available in the account with the traffic that has travelled the three tolled bridges. This reconciliation results in a portion of the funds in the account being recognized as "Toll Revenue," as that term is defined in the Development Agreement. As custodian, US Bank is responsible for evenly dividing the Toll Revenues and holding them in trust for, and promptly distributing the moneys to, IFA and the Authority.

The daily reconciliation of the account's funds to bridge traffic is overseen by, and subject to adjustment by, Strothman & Co. PSC, as revenue control manager (the "Revenue Control Manager"). The Revenue Control Manager is responsible for auditing the reconciliation, and ordering adjustments when necessary, to ensure that Toll Revenue is accurately reported and transferred in accordance with the TSP's contractual obligations. The contract with the Revenue Control Manager expires on June 30, 2022.

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Enforcement of Toll Violations. Most enforcement decisions are made through business rules for the toll system adopted by the Joint Board in May 2016. Both the Commonwealth and the State of Indiana have broad rulemaking authority under their respective statutes to enforce toll violators.

The escalation schedule, fees, and fines for tolls which remain unpaid are as follows:

<u>Invoice</u>	<u>Amount</u>	<u>Time to Pay</u>
Invoice	Tolls incurred	30 days
Second Notice	Tolls incurred + \$5 fee	15 days
Violations Notice	Tolls Incurred + \$5 fee + \$25 fine	25 days
Collections Notice	Tolls incurred + \$5 fee + \$25 fine + \$30 fee	Pay upon receipt
Vehicle Registration Hold	No additional fees	10 days after Collections Notice

Other fees:

<u>Inactivity fee</u> – charged monthly if there is no activity on an account for 365 days	\$5.00 or the remaining account balance if the account balance is less than \$5.00
<u>Personal account</u> – mailed statement fee – charged monthly as long as mailed statements are requested	\$2.00
<u>Commercial account</u> – mailed statement fee – charged monthly as long as mailed statements are requested	\$2.00 for the first 4 pages and \$0.20 for each additional page
Returned check/NSF fee	\$15
Replacement RiverLink Local Transponder fee	\$0 – first replacement per vehicle \$5 – second or more replacement per vehicle
<u>RiverLink E-ZPass Transponder</u> – purchase or replacement outside of warranty	\$15

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Historical Traffic Transactions, Toll Road Revenues and Debt Service

The following table sets forth the total System (both the Downtown Crossing consisting of two bridges – the Lincoln Bridge serving northbound traffic and the Kennedy Bridge going southbound in Louisville, Kentucky – and the East End Crossing – the Lewis and Clark Bridge connecting the Snyder Freeway with Southern Indiana) annual transactions and collected revenues for the Fiscal Years June 30, 2017 through 2021, reflecting the reduction due to COVID-19.

Fiscal Year (ending June 30)	Downtown Crossing Transactions				East End Crossing Transactions				Total Crossing	System	Authority
	(000s)				(000s)				(000s)	Revenue (\$)	System Revenue (\$)
	Class 1	Class 2	Class 3	Total	Class 1	Class 2	Class 3	Total			
2017	9,547	818	1,543	11,950	2,479	136	257	2,873	14,824	34,905,556	17,452,778
2018	18,798	1,668	3,001	23,476	5,881	338	713	6,934	30,410	96,472,114	48,236,057
2019	20,621	1,768	2,966	25,356	6,644	417	947	8,011	33,367	111,817,213	55,908,606
2020	17,641	1,657	2,818	22,124	6,377	435	1,100	7,915	30,038	104,280,312	52,140,156
2021	16,686	1,825	3,064	21,587	6,332	485	1,229	8,049	29,635	103,721,326	51,860,663

Source: Traffic and Revenue Study and Steer.

The following table sets forth debt service in Fiscal Years 2017 through 2021⁽¹⁾:

Fiscal Year	First Tier Toll Net Debt Service ⁽²⁾	First Tier Bonds Coverage	Aggregate Net Debt Service ^{(2) (3)}	Aggregate Debt Service Coverage
2017	-	-	-	-
2018	4,785,589	10.08x	23,040,113	2.09x
2019	10,239,064	5.46x	28,258,434	1.98x
2020	13,855,843	3.76x	32,270,490	1.62x
2021	15,655,490	3.31x	33,550,046	1.55x

(1) Assumes Pledged Receipts equal to Authority System Revenue shown above.

(2) Debt service is net of the capitalized interest on the Series 2013A Bonds through January 1, 2018 and the First Tier Common Debt Service Reserve Fund's interest earnings.

(3) Includes the 2013 TIFIA Loan debt service. TIFIA repayment is net of interest earnings from the TIFIA Debt Service Reserve Fund. The debt service does not include the prepayment of \$3,408,816 to TIFIA in FY 2020 as the payment was made from the Redemption Fund.

The following table sets forth transactions by payment type for the Fiscal Years 2017 through 2021.

<u>Fiscal Year (ending June 30)</u>	<u>Transponder Share</u>	<u>Pay by Plate¹ Share</u>
2017	59.8%	40.2%
2018	63.5	36.5
2019	66.2	33.8
2020	66.9	33.1
2021	64.1%	35.9

Source: Traffic and Revenue Study.

¹Pay by Plate and Prepaid with No Transponder transactions are grouped.

The following table is excerpted from Table 2.1 of the Traffic and Revenue Study attached hereto as APPENDIX E which sets forth monthly variations in average historical daily System transactions by Class since January 2017. The following table sets forth monthly variations in average historical daily System transactions by Class since 2019. The effects of COVID-19 are seen in the decrease in monthly traffic starting in March 2020 and hitting a low level in April 2020. Each month's daily average is calculated by dividing the month's transactions by the number of days in the month.

Approximately 30% of the Kentucky Share of Collected Revenue is received by the Commonwealth through the E-ZPass system under a Toll Services Agreement (the "TSA") dated as of May 12, 2015 among the Authority, IFA and Kapsch TrafficCom IVHS Inc. ("Kapsch"). In Fall 2020 and again in March 2021, a substantial amount of revenue that was payable under the TSA was not received in the month required under the TSA due to a software issue. In the Fall of 2020, the Authority believes that the unpaid amounts were received in the following months, and the Authority believes that the moneys expected in March, 2021 were mostly, if not entirely, received in April, 2021. The delay was believed to be caused by a software issue with the E-ZPass System. On May 6, 2021, the IFA notified Kapsch of the deficiency. IFA, with the cooperation of the Authority, has taken action to ensure all payments are made on a timely basis and that reporting deficiencies that have resulted in late continuing disclosure filings by the Authority are resolved. Delayed payments from Kapsch has not resulted in a failure to make any monthly transfers from the Authority System Revenue Fund to the various funds and accounts maintained under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Flow of Funds" herein.

Average Daily System Traffic & Monthly Revenue

<u>Month</u>	Downtown Crossing				East End Crossing				<u>Total Crossing</u>	Kentucky Share of Collected Revenue
	<u>Class 1</u>	<u>Class 2</u>	<u>Class3</u>	<u>Total</u>	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Total</u>		
<u>2019</u>										
January	45,432	4,073	7,881	57,416	16,165	875	2,543	19,593	77,009	\$4,593,098
February	48,464	4,231	8,142	60,877	17,132	960	2,635	20,733	81,611	4,578,131
March	58,391	4,730	8,064	71,208	17,923	1,006	2,661	21,595	92,803	4,535,442
April	60,215	5,165	8,285	73,679	19,259	1,219	2,895	23,442	97,121	4,816,302
May	60,269	5,103	8,232	73,634	19,469	1,316	2,979	23,769	97,402	4,969,536
June	60,471	5,286	8,126	73,898	19,152	1,305	2,898	23,359	97,257	4,788,733
July	62,290	5,573	7,879	75,752	19,535	1,299	2,773	23,609	99,361	4,912,831
August	60,847	5,347	8,346	74,552	19,912	1,325	3,174	24,412	98,964	5,120,681
September	59,243	5,083	8,068	72,401	19,469	1,362	3,227	24,059	96,460	5,105,085
October	56,016	5,212	8,464	69,711	20,357	1,356	3,431	25,149	94,859	4,922,031
November	49,397	4,312	7,453	61,190	19,807	1,206	3,074	24,094	85,284	4,803,835
December	51,126	3,853	7,172	62,181	18,962	1,033	2,826	22,827	85,008	4,715,178
<u>2020</u>										
January	46,624	3,814	7,687	58,163	18,033	1,015	3,193	22,255	80,418	4,516,826
February	47,810	4,060	7,755	59,652	18,264	1,059	3,200	22,530	82,182	4,664,261
March	39,324	4,280	7,841	51,476	14,866	1,114	3,112	19,100	70,577	4,228,595
April	23,843	3,675	6,783	34,321	9,353	981	2,436	12,774	47,095	3,232,798
May	35,977	4,164	6,922	47,089	13,107	1,105	2,449	16,667	63,756	2,989,748
June	45,373	4,914	8,019	58,324	17,359	1,404	3,194	21,966	80,290	2,928,287
July	47,316	5,066	7,934	60,339	17,800	1,366	3,260	22,434	82,773	3,124,873
August	44,306	4,815	8,144	57,283	17,502	1,492	3,323	22,323	79,606	3,269,775
September	44,604	5,012	8,418	58,056	18,221	1,399	3,516	23,141	81,196	3,156,157
October	45,599	5,160	8,688	59,472	17,891	1,362	3,461	22,723	82,195	2,298,420
November	42,321	4,825	8,398	55,563	16,134	1,237	3,270	20,647	76,210	6,737,520
December	42,609	4,483	8,433	55,545	16,324	1,217	3,279	20,826	76,371	3,143,426
<u>2021</u>										
January	38,417	4,126	8,038	50,606	15,215	1,042	3,265	19,534	70,140	5,411,193
February	37,286	4,253	8,129	49,696	14,661	1,044	3,243	18,956	68,652	4,881,953
March*	50,111	5,560	9,066	64,736	17,881	1,366	3,524	22,771	87,508	3,790,113
April	50,224	5,529	8,380	64,133	18,108	1,406	3,324	22,838	86,971	5,962,651
May	50,746	5,274	8,245	64,266	18,353	1,400	3,315	23,069	87,335	4,930,233
June	53,035	5,696	8,561	67,292	19,355	1,540	3,510	24,405	91,697	5,154,349

*The tolling system experienced a software issue in March 2021 that caused a delay in revenue collections in March. Such issue has been corrected, and the majority of delayed March revenues were received in April 2021.

As the table above shows, traffic levels in the first two months of 2021 were lower than they were at the end of 2020, before rebounding to higher levels later in 2021. Of note, there were extreme weather conditions during February 2021, with the most impacted weeks having year-over-year traffic reductions around 25% and the non-impacted weeks having traffic reductions less than 10%. Also, heavy vehicle traffic (classes 2 and 3) is higher in 2021 which will have a positive impact on revenue due to the higher toll rates charged to these vehicles.

The Traffic and Revenue Study has a section that includes information relating to System performance starting in 2020, including and reflecting the impact of COVID-19, including information relating to restrictions leading to the ultimate stay-at-home orders that were in effect in Indiana and Kentucky. See the captions “COVID-19” and “ADJUSTMENTS FOR COVID-19” in “APPENDIX E – TRAFFIC AND REVENUE STUDY.”

PROSPECTIVE FINANCIAL INFORMATION

The tables that follow set forth the First Tier Toll Revenue Bonds net debt service requirements, the debt coverage ratios for the First Tier Toll Revenue Bonds and the Downtown Crossing Cash Flow. The tables were prepared by the Financial Advisor based on information furnished by the Authority, Steer, acting as the Traffic and Revenue Consultant, and the Consulting Engineer.

Steer prepared the Traffic and Revenue Study, which refers to the System (consisting of the Downtown Crossing and the East End Crossing) as RiverLink, presents the traffic and revenue forecasts for the System and describes the development of a custom toll forecasting model.

The origins of the Traffic and Revenue Study were the original 2013 traffic and revenue study prepared in connection with the issuance of the 2013 Bonds. Steer updated the work from the 2013 traffic and revenue study as described in the Traffic and Revenue Study utilizing travel condition information since RiverLink opened and including COVID-19 related information in 2020 and 2021. The methodology is more fully described in “Article 3 – Traffic Forecasting Model Update” at page 21 of the Traffic and Revenue Study set forth as APPENDIX E hereto.

The Louisville-Southern Indiana Ohio River Bridges Project Kentucky Public Transportation Infrastructure Authority (KPTIA) (i) Executive Summary & Comparison of 2013 and 2020 O&M Studies, dated January 15, 2021, (ii) 2020 Financial Plan Annual Update – Operations and Maintenance Cost Analysis Report, dated January 15, 2021, and (iii) 2020 Financial Plan Annual Update – Forecasted CapEx and OpEx Costs, dated July 23, 2021 (collectively, the “Consulting Engineer’s Report”), included in APPENDIX F of this Official Statement were prepared by the Consulting Engineer. The Consulting Engineer’s Report documents and describes the projected General O&M Expenses and capital M&R Expenses for the Project as well as the Toll System Collection Expenses for the System.

None of the Authority, the Financial Advisor, the Underwriters, Steer or HNTB Corp. warrants or represents that the estimates and projections in the tables will be met. In addition, the Authority gives no assurances that the actual financial results of the System will meet or exceed the estimates and projections set forth in the tables, and, other than as provided in the Continuing Disclosure Undertaking, assumes no obligation to update any of the information in the tables. See “INVESTMENT CONSIDERATIONS – Forward-Looking Statements and Forecasts.”

Estimated First Tier Bonds Debt Service

Fiscal Year	Total Outstanding First Tier Toll Revenue Bonds Debt Service ¹	First Tier Toll Revenue Bonds, Series 2021A ²		First Tier Total Gross Debt Service
		Principal	Interest	
2022	\$9,851,256	\$260,000	\$5,008,327	\$15,119,583
2023	8,180,000	-	6,651,360	14,831,360
2024	9,217,765	-	6,651,360	15,869,125
2025	9,217,765	1,285,000	6,651,360	17,154,125
2026	9,217,765	2,505,000	6,632,342	18,355,107
2027	9,217,765	3,660,000	6,587,753	19,465,518
2028	9,217,765	4,260,000	6,513,455	19,991,220
2029	13,152,765	380,000	6,420,587	19,953,352
2030	13,147,765	385,000	6,411,619	19,944,384
2031	13,147,765	385,000	6,402,148	19,934,913
2032	13,152,765	390,000	6,392,292	19,935,057
2033	14,992,765	400,000	6,381,918	21,774,683
2034	15,103,165	405,000	6,370,878	21,879,043
2035	15,104,718	410,000	6,357,189	21,871,906
2036	15,105,158	415,000	6,343,331	21,863,488
2037	15,106,558	425,000	6,329,304	21,860,861
2038	16,831,938	430,000	6,314,939	23,576,876
2039	17,270,468	440,000	6,300,405	24,010,872
2040	17,267,388	445,000	6,285,533	23,997,920
2041	17,264,725	455,000	6,269,824	23,989,549
2042	17,269,413	460,000	6,253,763	23,983,175
2043	17,267,400	470,000	6,237,525	23,974,925
2044	17,265,313	480,000	6,220,934	23,966,246
2045	17,270,281	485,000	6,203,990	23,959,271
2046	1,068,750	17,375,000	6,186,869	24,630,619
2047	-	19,240,000	5,573,532	24,813,532
2048	-	20,120,000	4,894,360	25,014,360
2049	-	21,050,000	4,184,124	25,234,124
2050	-	22,030,000	3,441,059	25,471,059
2051	-	23,105,000	2,641,370	25,746,370
2052	-	24,235,000	1,802,658	26,037,658
2053	-	25,425,000	922,928	26,347,928
Total	\$330,909,177	\$191,810,000	\$181,839,022	\$704,558,199

Notes:

1. Includes the unrefunded Series 2013B Bonds and Series 2013C Bonds.

2. Preliminary numbers, subject to change. Assumes only Series 2021A Bonds will be issued. Yields range from 0.68% in 2022 to 3.63% in 2053. Assumes bond insurance and a surety premium of 5%.

Estimated Debt Coverage Ratios

Fiscal Year	Authority System Revenue¹ (\$)	Interest Earnings² (\$)	Pledged Receipts (\$)	First Tier Bonds Gross Debt Service (\$)	First Tier Bonds Coverage Ratios	Aggregate Debt Service³ (\$)	Aggregate Debt Service Coverage Ratios
2022	58,203,909	287,452	58,491,360	15,119,583	3.87x	33,277,620	1.76x
2023	61,648,355	308,117	61,956,473	14,831,360	4.18x	33,004,353	1.88x
2024	63,780,782	317,722	64,098,504	15,869,125	4.04x	33,971,380	1.89x
2025	66,006,795	334,452	66,341,247	17,154,125	3.87x	35,324,488	1.88x
2026	68,329,391	988,213	69,317,604	18,355,107	3.78x	36,212,459	1.91x
2027	70,751,724	1,061,538	71,813,262	19,465,518	3.69x	37,432,423	1.92x
2028	73,277,102	1,136,165	74,413,268	19,991,220	3.72x	38,931,883	1.91x
2029	75,909,002	1,160,235	77,069,237	19,953,352	3.86x	41,356,911	1.86x
2030	78,695,727	1,186,514	79,882,240	19,944,384	4.01x	42,450,225	1.88x
2031	81,639,418	1,339,287	82,978,705	19,934,913	4.16x	44,904,532	1.85x
2032	84,694,971	1,508,621	86,203,592	19,935,057	4.32x	44,549,466	1.94x
2033	87,866,715	1,535,949	89,402,664	21,774,683	4.11x	47,550,080	1.88x
2034	91,159,149	1,288,820	92,447,970	21,879,043	4.23x	49,928,058	1.85x
2035	94,576,952	1,115,398	95,692,351	21,871,906	4.38x	51,646,086	1.85x
2036	98,124,986	1,422,620	99,547,606	21,863,488	4.55x	53,476,821	1.86x
2037	101,808,306	1,679,167	103,487,473	21,860,861	4.73x	53,686,418	1.93x
2038	105,632,169	1,931,612	107,563,781	23,576,876	4.56x	55,387,008	1.94x
2039	109,602,038	1,561,665	111,163,703	24,010,872	4.63x	55,827,442	1.99x
2040	113,574,550	1,239,517	114,814,067	23,997,920	4.78x	55,805,779	2.06x
2041	117,540,228	1,620,727	119,160,955	23,989,549	4.97x	55,820,246	2.13x
2042	121,645,346	1,954,361	123,599,707	23,983,175	5.15x	55,796,308	2.22x
2043	125,894,844	2,379,359	128,274,203	23,974,925	5.35x	55,799,434	2.30x
2044	130,293,840	1,986,169	132,280,008	23,966,246	5.52x	55,793,316	2.37x
2045	134,847,631	1,562,908	136,410,538	23,959,271	5.69x	55,804,386	2.44x
2046	139,561,706	1,946,455	141,508,162	24,630,619	5.75x	56,461,578	2.51x
2047	144,441,751	2,329,209	146,770,960	24,813,532	5.91x	56,661,888	2.59x
2048	149,493,652	2,706,701	152,200,353	25,014,360	6.08x	56,865,528	2.68x
2049	154,723,508	2,106,579	156,830,087	25,234,124	6.22x	57,103,443	2.75x
2050	159,878,603	1,320,573	161,199,175	25,471,059	6.33x	57,337,269	2.81x
2051	164,941,356	1,346,317	166,287,673	25,746,370	6.46x	57,618,929	2.89x
2052	170,165,054	1,445,195	171,610,249	26,037,658	6.59x	26,037,658	6.59x
2053	175,554,835	1,581,131	177,135,966	26,347,928	6.72x	26,347,928	6.72x

Notes:

1. The Authority Toll Revenues are based on the Traffic and Revenue Study prepared by Steer dated August 12, 2021.
2. Includes earnings from Authority System Revenue Fund, Tolling O&M Reserve Fund, General O&M Reserve Fund, and M&R Reserve Fund. Assumes earning rate of 0.5% fiscal years 2022-2025 and 2% in fiscal years 2026-2053.
3. Includes the outstanding 2013 TIFIA Loan debt service.

Estimated Downtown Crossing Cash Flow

Fiscal Year	Pledged Receipts (\$)	First Tier Bonds Gross Debt Service (\$)	First Tier Common Debt Service Reserve Fund Annual (Deposit)/ Release¹ (\$)	TIFIA Net Repayment² (\$)	TIFIA Debt Service Reserve Fund Annual (Deposit) / Release (\$)	Tolling O&M Expense & Reserve Fund Deposit³ (\$)	General O&M Expense & Reserve Fund Deposit⁴ (\$)	M&R Reserve Fund Deposit⁵ (\$)	Deposits to General Reserve Fund (\$)	General Reserve Fund Ending Balance⁶ (\$)
2022	58,491,360	(15,119,583)	-	(18,158,037)	-	(7,872,739)	(10,825,648)	(1,712,564)	4,802,790	29,515,859
2023	61,956,473	(14,831,360)	-	(18,172,993)	-	(7,893,112)	(7,486,083)	(3,712,564)	9,860,361	39,376,220
2024	64,098,504	(15,869,125)	-	(18,102,255)	(287,118)	(10,977,392)	(7,888,333)	(3,712,564)	7,261,717	46,637,937
2025	66,341,247	(17,154,125)	-	(18,170,364)	(1,378,398)	(16,523,251)	(7,864,917)	(3,712,564)	1,537,629	48,175,566
2026	69,317,604	(18,355,107)	-	(17,857,353)	(1,240,373)	(9,736,096)	(8,287,083)	(3,712,564)	10,129,029	58,304,594
2027	71,813,262	(19,465,518)	-	(17,966,905)	(2,426,445)	(10,215,282)	(8,262,917)	(3,712,564)	9,763,632	68,068,226
2028	74,413,268	(19,991,220)	(1,289,165)	(18,940,664)	(460,625)	(10,775,351)	(8,706,750)	(3,712,564)	10,536,929	78,605,155
2029	77,069,237	(19,953,352)	(104,360)	(21,403,559)	(1,648,862)	(11,338,644)	(8,681,000)	(3,712,564)	10,226,896	88,832,051
2030	79,882,240	(19,944,384)	-	(22,505,841)	(2,140,911)	(15,733,297)	(9,147,500)	(3,712,564)	6,697,744	95,529,795
2031	82,978,705	(19,934,913)	-	(24,969,620)	(1,925,479)	(18,341,779)	(9,121,167)	(3,712,564)	4,973,184	100,502,978
2032	86,203,592	(19,935,057)	-	(24,614,410)	(1,867,884)	(18,038,332)	(9,611,083)	(1,212,564)	10,924,263	111,427,241
2033	89,402,664	(21,774,683)	(1,697,834)	(25,775,397)	(228,651)	(22,119,588)	(9,582,417)	(6,212,564)	2,011,531	113,438,772
2034	92,447,970	(21,879,043)	(433,996)	(28,049,016)	(12,517)	(14,595,216)	(10,096,833)	(3,712,564)	13,668,786	127,107,558
2035	95,692,351	(21,871,906)	-	(29,774,180)	(15,184)	(15,181,315)	(10,067,833)	(15,286,800)	3,495,133	130,602,691
2036	99,547,606	(21,863,488)	-	(31,613,333)	(2,735)	(15,934,390)	(10,608,417)	(15,286,800)	4,238,443	134,841,135
2037	103,487,473	(21,860,861)	-	(31,825,557)	(21,476)	(17,970,155)	(10,577,333)	(15,286,800)	5,945,291	140,786,425
2038	107,563,781	(23,576,876)	-	(31,810,132)	-	(17,536,383)	(11,145,083)	(15,286,800)	8,208,506	148,994,931
2039	111,163,703	(24,010,872)	-	(31,816,570)	(7,005)	(23,848,976)	(11,113,000)	(15,286,800)	5,080,480	154,075,412
2040	114,814,067	(23,997,920)	-	(31,807,859)	(5,257)	(18,513,959)	(11,709,667)	(19,051,800)	9,727,605	163,803,017
2041	119,160,955	(23,989,549)	(619,747)	(31,830,697)	(18,668)	(20,015,913)	(11,675,750)	(19,051,800)	11,958,831	175,761,848
2042	123,599,707	(23,983,175)	(182,913)	(31,813,133)	-	(34,774,915)	(12,302,250)	(19,051,800)	1,491,521	177,253,369
2043	128,274,203	(23,974,925)	(200,828)	(31,824,509)	(12,508)	(31,325,412)	(12,266,750)	(19,051,800)	9,617,472	186,870,841
2044	132,280,008	(23,966,246)	(219,764)	(31,827,070)	(10,195)	(26,942,953)	(12,925,750)	(19,051,800)	17,336,230	204,207,071
2045	136,410,538	(23,959,271)	(236,935)	(31,845,115)	(22,710)	(22,442,839)	(12,887,750)	(19,051,800)	25,964,119	230,171,190
2046	141,508,162	(24,630,619)	(275,311)	(31,830,959)	(13,828)	(23,513,739)	(13,579,333)	(19,051,800)	28,612,572	258,783,762
2047	146,770,960	(24,813,532)	(291,289)	(31,848,357)	(14,154)	(26,232,650)	(13,540,000)	(19,051,800)	30,979,179	289,762,941
2048	152,200,353	(25,014,360)	(310,270)	(31,851,169)	-	(25,242,392)	(14,266,833)	(19,051,800)	36,463,530	326,226,471
2049	156,830,087	(25,234,124)	-	(31,869,319)	-	(26,257,993)	(14,225,417)	(19,051,800)	40,191,435	366,417,906
2050	161,199,175	(25,471,059)	-	(31,866,210)	-	(27,863,135)	(14,989,333)	(336,000)	60,673,438	427,091,344
2051	166,287,673	(25,746,370)	-	(31,872,559)	32,212,022	(39,395,351)	(14,946,000)	(1,043,000)	85,496,415	512,587,759
2052	171,610,249	(26,037,658)	-	-	-	(47,447,048)	(15,748,750)	(31,951,000)	50,425,793	563,013,552
2053	177,135,966	(26,347,928)	-	-	-	(44,166,705)	(15,690,917)	(1,096,000)	89,834,417	652,847,969

Notes:

- 1 Assumes a surety is purchased in FY 2022 equal to the 5 Year MADS from fiscal years 2023 – 2027. Deposits are made to fulfill future 5 year rolling MADS requirement.
2. TIFIA repayment assumes an interest rate of 3.88%. A prepayment of \$3,408,816 was made in fiscal year 2020. TIFIA repayment is net of interest earnings from TIFIA Debt Service Reserve Fund, assuming an earning rate of 0.5% in fiscal years 2022-2025 and 2026-2053 in fiscal years 2026 -2051.
3. Tolling O&M Expense estimates were prepared by HNTB Corporation on July 23, 2021 and are shown in the Consulting Engineer's Report.
4. General O&M Expenses estimates were prepared by HNTB Corporation on January 15, 2021 and are shown in the Consulting Engineer's Report.
5. M&R Reserve Fund Deposits are based on long term M&R Expenses estimates prepared by HNTB Corporation on January 15, 2021 and are shown in the Consulting Engineer's Report.
6. The General Reserve Fund Ending Balance in 2022 includes the deposits to the General Reserve Fund plus the General Reserve Fund balance as of June 30, 2021. No General Reserve Fund interest earnings are included.

TRAFFIC AND REVENUE STUDY

The following is a summary of selected provisions of the traffic and revenue report prepared by Steer, solely in its capacity as the Traffic and Revenue Consultant for the LSIORB Project, and is not a full statement of the terms of such document. Accordingly, the following summary or excerpt is qualified in its entirety by reference to and is subject to the full text of the traffic and revenue report, which is attached hereto as APPENDIX E. Investors may not rely upon the summaries and should review the full report, which is subject to the limitations or disclaimers therein. Without limiting the generality of the foregoing, the report is expressly subject to the qualifications, assumptions made, procedures followed, matters considered and any limitations on the scope of work contained therein. Investors should note that this summary, and the attached report, is provided only as of the date set forth therein and does not contemplate any event, circumstances or changes with respect to the LSIORB Project or otherwise after such date.

The following summary of the traffic and revenue forecasts related to the LSIORB Project is based upon projected information and data (financial and otherwise), and other forward-looking information, that may or may not occur or prove to be accurate. Such projected and forward-looking information is based on current expectations and projections about future events which are beyond the control of Steer, the Authority or any other participant in the LSIORB Project, and such projections and information can be affected by inaccurate assumptions. While these projections and information were prepared in good faith, no assurance can be given as to the accuracy or adequacy of such projections and information, or the assumptions underlying such projections and information.

General

The Traffic and Revenue Study, which refers to the System (consisting of the Downtown Crossing and the East End Crossing) as RiverLink, presents the traffic and revenue forecasts for the System and describes the development of a custom toll forecasting model.

The origins of the Traffic and Revenue Study were the original 2013 traffic and revenue study prepared in connection with the issuance of the 2013 Bonds. Steer updated the work from the 2013 traffic and revenue study as described in the Traffic and Revenue Study utilizing travel condition information since RiverLink opened and including COVID-19 related information in 2020 and 2021. The methodology is more fully described in “Article 3 – Traffic Forecasting Model Update” at page 21 of the Traffic and Revenue Study set forth as APPENDIX E hereto.

In connection with the Traffic and Revenue Study, Steer also performed a series of sensitivity tests to measure the potential impacts on revenue associated with hypothetical changes in certain assumptions or basic study inputs. In addition to typical traffic and revenue sensitivity tests, Steer prepared a slower COVID-19 recovery scenario in recognition of the uncertainty regarding the economic and behavioral impacts of COVID-19. The sensitivity testing is more fully described in “Article 4 – Updated Traffic & Revenue Forecasts – Sensitivity Tests” at page 40 of the Traffic and Revenue Study set forth as APPENDIX E hereto.

The Traffic and Revenue Study’s forecasting assumptions are predicated on a number of key assumptions which are more fully described in “Article 3 –Traffic Forecasting Model Update – Forecasting Assumptions” at page 35 of the Traffic and Revenue Study set forth as APPENDIX E hereto.

Basic Assumptions of the Traffic and Revenue Study

In addition to the key model assumptions previously discussed and summarized in the table above, the traffic and revenue estimates are predicated on the following basic assumptions:

1. The socioeconomic conditions and associated growth will occur as described in “Article 3 – Traffic Forecasting Model Update – Forecasting Assumptions”.
2. Traveler behavior and willingness to pay to use the Riverlink Project remain similar to existing behavior and are consistent with those presented in “Article 3 –Traffic Forecasting Model Update”.
3. There is no major additional capacity added across the Ohio River in the study area.
4. The Riverlink Project will continue to be efficiently maintained and operated.
5. The transponder and video toll collection market share will be at the levels specified in “Article 3 –Traffic Forecasting Model Update – Forecasting Assumptions”.
6. Toll rates will continue to increase 2.5% annually.
7. Inflation will occur at 2.5% annually.
8. The levels of toll leakage will occur as described in “Article 3 –Traffic Forecasting Model Update – Forecasting Assumptions”.
9. Motor fuel will remain in adequate supply during the forecast period, with fuel prices, including Federal and State fuel taxes, not to exceed \$4.50 per gallon adjusted for inflation.
10. No new transportation service or technology will be introduced that would radically change travel behavior and preferences during the forecast period.

Steer concludes in the Traffic and Revenue Study that “[the] initial traffic and revenue performance has been stronger than original forecast until COVID-19, providing a solid foundation for the success of the project. Our updated forecasts that reflect a COVID-19 scenario show a recovery period and then continued growth in traffic and revenue, although the updated revenue forecasts are a little lower, but generally in-line, with the original 2013 forecasts. This reaffirms our positive view of the project.” The Traffic and Revenue Study attached as APPENDIX E hereto should be read in its entirety.

The following table sets forth, for the years 2020 through 2054, projected annual transactions and revenue less leakage and unpaid tolls and compares them to the original 2013 forecasts. The Authority Toll Revenues are equal to 50% of the “Annual Revenue Less Leakage and Unpaid Tolls”.

Fiscal Year	<u>2013 FORECASTS</u>		<u>UPDATED FORECASTS</u>		<u>% CHANGE</u>	
	<u>Transactions</u>	<u>Annual Revenue Less Leakage and Unpaid Tolls</u>	<u>Transactions</u>	<u>Annual Revenue Less Leakage and Unpaid tolls</u>	<u>Transactions</u>	<u>Annual Revenue Less Leakage and Unpaid Tolls</u>
2020	33,575	\$110,248	30,038*	\$100,470*	-10.5%	-8.9%
2021	35,122	\$117,222	29,635*	\$103,721*	-15.6%	-11.5%
2022	36,162	\$122,529	32,533	\$116,408	-10.0%	-5.0%
2023	36,683	\$126,165	33,768	\$123,297	-7.9%	-2.3%
2024	37,238	\$130,096	34,268	\$127,562	-8.0%	-1.9%
2025	37,811	\$134,281	34,775	\$132,014	-8.0%	-1.7%
2026	38,418	\$138,703	35,291	\$136,659	-8.1%	-1.5%
2027	39,058	\$143,377	35,815	\$141,503	-8.3%	-1.3%
2028	39,734	\$148,198	36,346	\$146,554	-8.5%	-1.1%
2029	40,445	\$153,297	36,886	\$151,818	-8.8%	-1.0%
2030	41,193	\$158,691	37,403	\$157,391	-9.2%	-0.8%
2031	41,930	\$164,985	37,894	\$163,279	-9.6%	-1.0%
2032	42,643	\$172,079	38,393	\$169,390	-10.0%	-1.6%
2033	43,368	\$179,381	38,900	\$175,733	-10.3%	-2.0%
2034	44,105	\$186,994	39,415	\$182,318	-10.6%	-2.5%
2035	44,855	\$194,931	39,937	\$189,154	-11.0%	-3.0%
2036	45,522	\$202,773	40,467	\$196,250	-11.1%	-3.2%
2037	46,103	\$210,497	41,006	\$203,617	-11.1%	-3.3%
2038	46,692	\$218,517	41,553	\$211,264	-11.0%	-3.3%
2039	47,288	\$226,843	42,108	\$219,204	-11.0%	-3.4%
2040	47,892	\$235,486	42,595	\$227,149	-11.1%	-3.5%
2041	48,402	\$243,936	43,012	\$235,080	-11.1%	-3.6%
2042	48,814	\$252,167	43,433	\$243,291	-11.0%	-3.5%
2043	49,230	\$260,676	43,859	\$251,790	-10.9%	-3.4%
2044	49,650	\$269,472	44,290	\$260,588	-10.8%	-3.3%
2045	50,073	\$278,566	44,725	\$269,695	-10.7%	-3.2%
2046	50,500	\$287,967	45,164	\$279,123	-10.6%	-3.1%
2047	50,931	\$297,685	45,609	\$288,884	-10.5%	-3.0%
2048	51,366	\$307,732	46,058	\$298,987	-10.3%	-2.8%
2049	51,804	\$318,119	46,512	\$309,447	-10.2%	-2.7%
2050	52,246	\$328,857	46,894	\$319,757	-10.2%	-2.8%
2051	52,692	\$339,958	47,202	\$329,883	-10.4%	-3.0%
2052	53,142	\$351,434	47,513	\$340,330	-10.6%	-3.2%
2053	53,596	\$363,298	47,826	\$351,110	-10.8%	-3.4%
2054	54,053	\$375,563	48,142	\$362,232	-10.9%	-3.5%

Source: Traffic and Revenue Study

*Represents Actual Values.

INVESTMENT CONSIDERATIONS

THE PURCHASE OF THE SERIES 2021 BONDS IS SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR OF THE SERIES 2021 BONDS IS ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY, INCLUDING ALL APPENDICES HERETO. PARTICULAR ATTENTION SHOULD BE GIVEN TO THE FACTORS DESCRIBED BELOW, WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE SERIES 2021 BONDS AND WHICH COULD ALSO AFFECT THE MARKET PRICE OF THE SERIES 2021 BONDS TO AN EXTENT THAT CANNOT BE DETERMINED.

General

The following discussion is not meant to be an exhaustive list of the risks and other factors that should be considered in connection with the purchase of the Series 2021 Bonds and does not necessarily reflect the relative importance of the various risks and other factors. Any one or more of the risks discussed, and others, could adversely affect the Authority or the Transportation Cabinet and could adversely affect the Authority's ability to make timely payment of the principal of and interest on the Series 2021 Bonds and/or lead to decreases in the market value and/or the liquidity of the Series 2021 Bonds. There can be no assurance that other risk factors will not become material in the future.

Series 2021 Bonds are Special, Limited Obligations

The Series 2021 Bonds are special and limited obligations of the Authority, payable solely from and secured exclusively by the Trust Estate under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS" herein. Payment of principal of and interest on the TIFIA Bonds, until the occurrence of a Bankruptcy Related Event, is subordinate to the payment of principal of and interest on the First Tier Bonds, including the Series 2021 Bonds, and any Second Tier Bonds hereafter issued.

THE SERIES 2021 BONDS SHALL NOT CONSTITUTE A DEBT OF THE COMMONWEALTH OR ANY OF ITS POLITICAL SUBDIVISIONS, OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OR ANY OF ITS POLITICAL SUBDIVISIONS. NEITHER THE COMMONWEALTH NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE SERIES 2021 BONDS OR THE INTEREST THEREON, EXCEPT FROM THE TRUST ESTATE PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE SERIES 2021 BONDS

No Right to Accelerate Debt Service

The Indenture does not permit the Trustee or Bondholders, upon the occurrence of an Event of Default under the Indenture or for any other reason, to accelerate the maturity of the Series 2021 Bonds or the payment of principal of and interest due on the Series 2021 Bonds. Bondholders will be able to collect principal and interest that become due after an Event of Default only from the Pledged Receipts or other property included in the Trust Estate and only when such principal and interest are scheduled to be paid.

Forward-Looking Statements and Forecasts

The statements contained in this Official Statement, and in other information provided by the Authority, that are not purely historical, are forward-looking statements, including statements regarding the

Authority's expectations, hopes, intentions or strategies regarding the future and the projections in the Traffic and Revenue Study. All forward-looking statements included in this Official Statement are based on information available to the Authority as of the date hereof, and the Authority assumes no obligation to update any such forward-looking statements, other than as set out in the Continuing Disclosure Undertaking.

The forward-looking statements herein are based on various assumptions, forecasts and estimates that are inherently subject to numerous risks and uncertainties, including the possible invalidity of underlying assumptions, forecasts and estimates, possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions, and actions taken or not taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. In addition, these assumptions, forecasts and estimates involve judgments regarding, among other things, future economic, competitive and market conditions, future actions by third parties, the level of enforcement of violations that can affect "leakage" as described under "THE SYSTEM" – Toll Rates and Collections – *Enforcement of Toll Violations*," and future events and decisions, all of which are difficult, if not impossible, to predict accurately. Therefore, there can be no assurance that the forward-looking statements in this Official Statement will prove to be accurate.

No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective purchasers of the Series 2021 Bonds are cautioned not to place undue reliance upon the projections contained in this Official Statement or in the Traffic and Revenue Study or upon requirements for future projections. If actual results are less favorable than the results projected or if the assumptions used in preparing the projections prove to be incorrect, the Authority's ability to make timely payment of the principal of and interest on the Series 2021 Bonds may be materially and adversely affected.

Traffic and Revenue Forecast. It is essential that prospective investors read and understand the Traffic and Revenue Study. Revenue generated by the System will be influenced by numerous factors, including, but not limited to, the rate of recovery from the effects of COVID-19, competing highways or other transportation improvements, toll rates, and fuel supply and pricing. See "TRAFFIC AND REVENUE STUDY" and "APPENDIX E – TRAFFIC AND REVENUE STUDY."

COVID-19

The COVID-19 pandemic has altered and continues to alter the behavior of businesses and people in a manner that has had, and is expected to continue to have, negative effects on global and local economies, including the economy of the Commonwealth. The COVID-19 pandemic, including the travel restrictions resulting therefrom, impacted the traffic performance on the System. For total transactions, year-over-year decreases began in March 2020 and reached a low level around -55% in mid-April, 2020. Since then, traffic levels have somewhat recovered with most weeks having a typical decrease less than 20% since early June 2020 and several weeks having a decrease of less than 10%. The large outlier to this trend was in mid-February 2021 when traffic was down about 30% year-over-year due to the extreme winter storms that caused a widespread traffic reduction across the region.

In connection with the Traffic and Revenue Study, Steer performed a series of sensitivity tests to measure the potential impacts on revenue associated with hypothetical changes in certain assumptions or basic study inputs. In addition to typical traffic and revenue sensitivity tests, Steer prepared a slower COVID-19 recovery scenario in recognition of the uncertainty regarding the economic and behavioral impacts of COVID-19. No assurances can be given that the effects of the COVID-19 pandemic will not continue to adversely impact traffic and revenues on the System.

Decrease in Projected Debt Service Coverage of Bonds Upon Issuance of Additional Bonds

The Indenture permits the Authority to issue Additional Bonds payable from, and secured by a pledge of, Pledged Receipts that are (i) on a parity with or subordinate to the pledge of the Pledged Receipts to the payment of First Tier Bonds, (ii) senior to, on a parity with or subordinate to the pledge of the Pledged Receipts to the payment of Second Tier Bonds, (iii) senior to, on a parity with or subordinate to the pledge of the Pledged Receipts to the payment of Third Tier Lien Bonds, and (iv) senior to or on a parity with the pledge of the Pledged Receipts to the payment of Subordinate Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Financial Covenants – *Additional Bonds*.” The issuance by the Authority of additional First Tier Bonds is likely to increase debt service and decrease the projected debt service coverage of the Series 2021 Bonds, but should in all events be consistent with the debt service coverage requirements of the Indenture.

Enforceability of Rights and Remedies, including Bankruptcy Ramifications

Judicial Discretion. Upon a default under the Indenture or the Lease, the remedies available to the Authority and the Trustee may depend upon judicial actions that may be subject to substantial discretion and delay. Some of these remedies may in fact turn out not to be enforceable at all. The rights of the owners of the Series 2021 Bonds and the enforceability of the Authority’s and the other parties’ obligations will be subject to the exercise of judicial discretion under a variety of circumstances. The enforceability of governmental obligations is also subject to constitutional, statutory and public policy limitations and to other considerations that do not limit enforcement of obligations of private parties.

Effects of Bankruptcy on Rights and Remedies. The rights and remedies available to the owners of the Series 2021 Bonds under the Indenture and the Lease, and the enforceability of the liens, security interest and pledges created by the Indenture in favor of the owners of the Series 2021 Bonds, may be subject to the provisions of the United States Bankruptcy Code (the “Bankruptcy Code”), to other bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditor’s rights generally and equitable principles that may limit enforcement of such remedies. Under existing constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code, the remedies provided in federal bankruptcy laws, the Indenture, the Lease and the various related documents may not be readily available or may be limited. No assurances can be given that a court or regulatory agency would enforce the rights or types of remedies available under the Indenture, the Lease or the other agreements described herein, including any rights and remedies with respect to the continued operation of the System and the pledge of Pledged Receipts.

The various legal opinions to be delivered concurrently with the delivery of the Series 2021 Bonds, including the opinion of Bond Counsel, will be qualified as to the enforceability of these rights and remedies, for example, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by principles of equity. In addition, the rights and remedies available to the IFA and WVB East End Partners, LLC in connection with the Indiana Public-Private Agreement may be similarly adversely affected.

Enforcement of Rights and Remedies by TIFIA Lender. The TIFIA Lender is authorized to enforce rights and remedies against the Authority based on events of default by the Authority under the TIFIA Loan Agreement, without the knowledge or consent of the Trustee or any Bondholders.

No Third Party Beneficiary Status. Neither the Trustee nor the Bondholders are parties to, nor third party beneficiaries of, various contracts and agreement, including the Development Agreement and the Interlocal Agreement, and neither cannot enforce the provisions thereof.

Bankruptcy Filing by the Authority and Other Parties

Authority and IFA. Under the Bankruptcy Code and current Kentucky law, the Authority, but not the Transportation Cabinet, may file for bankruptcy protection under Chapter 9 of the Bankruptcy Code. Under the Bankruptcy Code and current Indiana law, neither the State nor the IFA may file for bankruptcy protection under Chapter 9 of the Bankruptcy Code. There can be no assurance, however, that the Bankruptcy Code or Kentucky and/or Indiana law will not be amended in the future to permit the Transportation Cabinet, the State of Indiana and/or the IFA to file for bankruptcy protection, and such a filing could, under certain circumstances, subject all or a portion of their respective revenues and/or assets to the jurisdiction of the bankruptcy court.

A Bankruptcy Related Event relating to the Authority will cause the TIFIA Bonds to become First Lien Toll Revenue Bonds as described herein under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Liens of the Indenture – *Potential Parity First Priority Lien for TIFIA Bonds.*”

Political Risk and Community Risk

As in any commercial arrangement, parties may disagree about the appropriate course of action to be taken, particularly if adverse events occur. The Commonwealth and the State of Indiana may have different priorities and interests and may have difficulty in resolving disputes should their interests diverge, which could include differences in resolving tolling policies and agreements. Similarly, in the case of the Downtown Crossing Segment, the Authority and the Trustee, on behalf of the owners of the Bonds, or the TIFIA Lender, and, in the case of the East End Crossing Segment, the IFA, as both the issuer of the Indiana bonds and the Contracting Authority, and its bond trustee, on behalf of the owners of the Indiana bonds, may have different interests and priorities following a default or other adverse event under the Indenture or the Indiana Public-Private Agreement, respectively, and no assurance can be given that the Authority or the IFA, as the case may be, will be willing or able to take into account the interests of the owners of the Series 2021 Bonds or the TIFIA Lender or the Indiana bonds, as the case may be, if an event occurs that would entitle the Authority to take remedial action under the Indenture or the Contracting Authority to terminate or to take other remedial action under the Indiana Public-Private Agreement.

While the State of Indiana and the Commonwealth share the Toll Revenues, each of the bridges has its own independent financial requirements. It is possible that the financial requirements of one of the bridges may be substantially higher than the other and that the requirement to raise tolls on all bridges in the System to meet the requirements of one bridge may adversely affect traffic on both bridges, thereby reducing Pledged Receipts.

Changes in Law. State and federal legislation is introduced and enacted from time to time that could have a direct impact on the Authority’s financial condition or its operations. The likelihood of any such legislation being introduced or enacted cannot be predicted.

Risks Relating to Management and Operation of the System

Future Toll Rate Increases. The financing plan for the System assumes the Tolling Body will increase toll rates annually and that such toll rate will generate sufficient Toll Revenues to pay for the operation, maintenance and improvement of the System and annual debt service.

Toll Road Maintenance Costs. Successful operation of the System requires timely and adequate maintenance and replacement of components of the System. There can be no assurances that sufficient funds will be available to adequately maintain the System during the period the Series 2021 Bonds are

outstanding. Any significant deterioration of the System could result in increased operating costs and in reduced usage, and could adversely affect the amount of funds available to pay debt service on the Authority's obligations, including the Series 2021 Bonds.

Security. The September 11, 2001 terrorist attacks resulted in increased safety and security measures at facilities like the System. In spite of the increased security measures, additional acts of terrorism resulting in disruption to the use of the System, damage to the System, reductions in vehicle traffic and/or reductions in Authority Toll Revenues, remain possible. As described above under the heading "THE SYSTEM", the Authority carries insurance it deems appropriate for its facilities. Coverage under such policies might not be sufficient in the event of a catastrophic loss, and the Authority cannot guarantee that insurers will pay in a timely manner. From time to time, the Authority may change the types of, and deductibles and limits on, the insurance it carries, subject to any requirements under the General Indenture and the Development Agreement.

Fuel Supply and Pricing. Over the past 25 years, the price and availability of crude oil has been negatively impacted several times to the point of disrupting normal travel patterns on the nation's highways. There can be no assurances that the supply and/or price of motor fuel during the period the Series 2021 Bonds are outstanding will not change, either temporarily or permanently, in a manner that would result in a reduction of traffic on the System and a consequent reduction in the Authority Toll Revenues available to pay debt service on the Series 2021 Bonds.

Obligations of Transportation Cabinet Under Lease Are Subject to Appropriation and Non-Renewal

The obligation of the Transportation Cabinet under the Lease to make Rent payments sufficient to fund certain deficiencies in the Tolling O&M Reserve Fund, the General O&M Reserve Fund and the M&R Reserve Fund in the event Pledged Receipts are insufficient therefor is subject to appropriation. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – The Lease." A failure by the Kentucky General Assembly to appropriate adequate funds for the Transportation Cabinet to fulfill its obligations under the Lease may adversely impact the Authority's ability to operate and maintain the toll collection system and the portion of the Authority System for which it has operations and maintenance responsibilities. The obligation of the Transportation Cabinet to make the Rent payments does not constitute an indebtedness of the Transportation Cabinet or the Commonwealth or any political subdivision thereof within the meaning or application of any constitutional provision or limitation. The obligation of the Transportation Cabinet to make the Rent payments does not constitute a pledge of the faith, credit or taxing power of the Commonwealth or any political subdivision thereof within the meaning or application of any constitutional provision or limitation. The Transportation Cabinet has no taxing power.

If the Transportation Cabinet gives written notice to the Authority of the Transportation Cabinet's election not to renew the Lease for any renewal term, the Transportation Cabinet is not obligated to pay rentals beyond the last day of the then current biennial term, and the Transportation Cabinet will thereby forfeit all of its future options to renew. If the Transportation Cabinet decides not to renew a biennial term, its obligation to fund certain deficiencies in the Tolling O&M Reserve Fund, the General O&M Reserve Fund and the M&R Reserve Fund will cease. The termination of the Lease may adversely impact the Authority's ability to operate and maintain the toll collection system and the portion of the Authority System for which it has operations and maintenance responsibilities.

Risks from Unexpected Events and Global Climate Change

General. The System could sustain damage and loss of use as a result of certain unexpected events, such as terrorist attacks, extreme weather events and other natural occurrences, fires and explosions, spills

of hazardous substances, strikes and lockouts, sabotage, wars, blockades and riots. While the Authority has attempted to address the risk of loss through the purchase of insurance, certain of these events may not be covered. Furthermore, even for events that are covered by insurance, the Authority cannot guarantee that coverage will be sufficient or that insurers will pay claims in a timely manner. From time to time, the Authority may change the types of, and limits and deductibles on, the insurance coverage that it carries. The Authority cannot predict what effects any of these events may have on the Authority's ability to generate revenues, including Authority Toll Revenues, but the effects may be materially adverse.

Global Climate Change. Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. Over the next 25 to 100 years, such extreme events and conditions are expected to increasingly disrupt and damage critical infrastructure and property as well as regional economies and industries that depend on natural resources and favorable climate conditions. Disruptions could include more frequent and longer-lasting power outages, fuel shortages and service disruptions. Coastal public infrastructure may be threatened by the continued increase in the frequency and extent of high-tide flooding due to sea level rise, and inland infrastructure, including access to roads, the viability of bridges and the safety of pipelines, may be affected by increases in the severity and frequency of heavy precipitation events. As a result, many residents, businesses, and governmental operations within this area could be negatively impacted and possibly displaced, reducing demand for air and land travel to or from the greater Louisville metropolitan area. In addition, local public agencies and governmental entities, including the Authority, could be required to mitigate these climate change effects at a potentially material cost.

Climate-Related Regulations. Present, pending and future regulations aimed at curbing the effects of climate change may, directly or indirectly, materially adversely affect the operations or financial condition of the Authority. Of particular note are regulations pertaining to greenhouse gas ("GHG") emissions, including but not limited to regulations which may be promulgated under provisions of the Clean Air Act, 42 U.S.C. §7401 et seq., as amended (the "CAA"). Transportation projects, including those of the Authority, must comply with and conform to the CAA. The Authority is unable to predict what laws and regulations with respect to GHG emissions or other environmental issues (including but not limited to air, water, hazardous substances and waste regulations) will be adopted, or what effects such laws and regulations will have on the System, its operations and revenues, including Authority Toll Revenues, or the local economy.

Cybersecurity Risk

The Authority, like many other large public and private entities, relies upon a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "Systems Technology"). As a recipient and provider of personal, private, or sensitive information, the Authority may be the target of cybersecurity incidents that could result in adverse consequences to its Systems Technology, requiring a response action to mitigate the consequence. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Authority's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Authority invests in multiple forms of cybersecurity and operational safeguards. While Authority cybersecurity and operational safeguards are periodically tested, no assurances can be given by the Authority that such measures will ensure against cybersecurity threats and attacks, and any breach could damage the Authority's Systems Technology and cause material disruption to the Authority's finances or

operations, including its operation of the Authority System. The costs of remedying any such damage or protecting against future attacks could be substantial. Furthermore, cybersecurity breaches could expose the Authority to material litigation and other legal risks, which could cause the Authority to incur material costs.

Ratings of Series 2021 Bonds

Three credit rating agencies have assigned credit ratings to the Series 2021 Bonds. The ratings of the Series 2021 Bonds are not a recommendation to purchase, hold or sell the Series 2021 Bonds, and the ratings do not comment on the market price or suitability of the Series 2021 Bonds for a particular investor. The ratings of the Series 2021 Bonds may not remain for any given period of time and may be lowered or withdrawn depending on, among other things, each rating agency's assessment of the Authority's financial strength.

Insurer Default; Limitations of Bond Insurance

The Insurer's obligation to pay the principal of and interest on the Insured Bonds as and when due under the terms set forth in the Insurance Policy are subject to the risk that the Insurer is unable or unwilling to make payment in amounts equal to such obligations as a result of bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect against the Insurer or other adverse financial conditions affecting the Insurer. Further, the market price of the Series 2021 Bonds may be adversely affected by the financial condition of the Insurer, notwithstanding the absence of a material adverse financial matter affecting the Authority. See "RATINGS" herein. While an insured municipal bond will typically be deemed to have the rating of its insurer, if the insurer of a municipal bond suffers a downgrade in its credit rating or the market discounts the value of the insurance provided by the insurer, the ability of the party making the payments will be more relevant and the value of the municipal bond would more closely, if not entirely, reflect such party's rating, in this case, the Authority. In such a case, the value of insurance associated with a municipal bond would decline and may become worthless. In the event the Insurer experiences a weakened financial position as surety provider, or enters into bankruptcy, the rating agencies will view it as a significant weakness in the credit strength of the Insured Bonds, resulting in a ratings downgrade (or potential for such downgrade) of the Insurer. Such adverse effects on the Insurer could, among other things, cause the value of the Insured Bonds to decrease, negatively impact the resale value of the Insured Bonds and impair the Insurer's ability to meet the terms of its obligations as they relate to the Insured Bonds in a timely manner.

Market Liquidity

The Series 2021 Bonds constitute a new issue with no established trading market. Although the Underwriters have informed the Authority that the Underwriters currently intend to make a market for the Series 2021 Bonds, the Underwriters are not obligated to do so, and they may discontinue any such market-making at any time without prior notice. No assurance can be given as to the development or liquidity of any market for the Series 2021 Bonds. If an active public market does not develop, the market price and liquidity of the Series 2021 Bonds may be adversely affected.

Risks Relating to Judicial Challenge

Except as described herein under "LITIGATION," no proceedings are currently pending in relation to the Project or the Series 2021 Bonds. There is no assurance that judicial or administrative actions or investigations challenging the issuance of the Series 2021 Bonds, the construction or financing of the Project, the operation and maintenance of the Project, the granting of any permits and approvals required in connection therewith or any of the other transactions contemplated by this Official Statement will not be

filed or commenced in the future or, if they are filed or commenced, that they will not adversely affect the operation and maintenance of the Project, or the ability of the Authority to pay principal and interest on the Series 2021 Bonds.

TAX MATTERS

General

The following is a summary of the principal federal income tax consequences relating to the acquisition, ownership and disposition of the Series 2021 Bonds for certain U.S. Holders (as defined below). It does not provide a complete analysis of all potential tax considerations relating to the acquisition, ownership and disposition of the Series 2021 Bonds. This summary is based on the tax laws of the United States, including the current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, current final, temporary and proposed Treasury regulations thereunder, published rulings and pronouncements of the IRS and court decisions, all as currently in effect and all of which are subject to change at any time, possibly with retroactive effect, so as to result in federal income tax consequences different from those described below. There can be no assurance that the IRS will not take a contrary view or that a court would not sustain a contrary view, and no ruling from the IRS has been, or is expected to be, sought on the issues discussed herein. Legislative, judicial or administrative changes or interpretations may occur that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may or may not be retroactive and could affect the tax consequences discussed below.

EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE BASED ON THE PROSPECTIVE PURCHASER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR. THIS SUMMARY DOES NOT ADDRESS FEDERAL GIFT, GENERATION SKIPPING OR ESTATE TAX CONSEQUENCES OR ALTERNATIVE MINIMUM, FOREIGN, STATE, LOCAL OR OTHER TAX CONSEQUENCES, NOR DOES THIS SUMMARY ADDRESS FEDERAL INCOME TAX CONSEQUENCES FOR BONDHOLDERS OTHER THAN U.S. HOLDERS (AS DEFINED BELOW). EACH PROSPECTIVE PURCHASER CONSIDERING THE PURCHASE OF BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING THESE MATTERS AND CONCERNING THE TAX TREATMENT OF BONDS UNDER STATE AND LOCAL TAX LAWS AND REGULATIONS.

As further described under this heading, interest on the Series 2021A Bonds will be includible in gross income for federal income tax purposes and interest on the Series 2021B Bonds will be excludible from gross income for federal income tax purposes. Furthermore, Bond Counsel is of the opinion that interest on the Series 2021 Bonds is exempt from income taxation by the Commonwealth and the Series 2021 Bonds are exempt from ad valorem taxation by the Commonwealth and any of its political subdivisions.

A copy of the form of opinion of Bond Counsel is set forth in APPENDIX J.

Series 2021A Bonds

General. The following summary deals only with Series 2021A Bonds held as capital assets within the meaning of Section 1221 of the Code (generally assets that are held for investment rather than as inventory or as property used in a trade or business) and not with special classes of holders, such as dealers in securities or currencies, financial institutions, insurance companies, S corporations, grantor trusts, certain former citizens or residents of the United States, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, dealers, persons holding Series 2021A Bonds as part of

a hedging transaction, straddle, conversion transaction, synthetic security transaction or other risk reduction or integrated transaction, persons whose functional currency is not the U.S. dollar, persons who acquire the Series 2021A Bonds in connection with their employment or other performance of services, tax-exempt persons, mutual funds, small business investment companies, real estate mortgage investment conduits or real estate investment trusts.

If a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) acquires Series 2021A Bonds, the federal income tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. A partnership holding Series 2021A Bonds, and partners in such a partnership, should consult its and their own tax advisors with regard to the federal income tax consequences of the acquisition, ownership, and disposition of the Series 2021A Bonds by the partnership.

The federal income tax discussion that appears below is included in this Official Statement for the general information of a prospective purchaser. Some or all of the discussion may not apply to a particular purchaser depending upon the particular situation of that purchaser. Each prospective purchaser should consult its own tax advisor concerning the tax consequences to such purchaser of owning and disposing of the Series 2021A Bonds, including the tax consequences under state, local and other tax laws and the possible effects of changes in federal or other tax laws.

As used in this Official Statement, the term “U.S. Holder” means a beneficial owner of a Series 2021A Bond that is, for federal income tax purposes (a) a citizen or resident of the United States for federal income tax purposes; (b) a corporation (or other entity treated as a corporation for federal income tax purposes) created or organized in or under the laws of the United States, any of the states thereof or the District of Columbia; (c) an estate, the income of which is includible in gross income for federal income tax purposes regardless of its source; (d) a trust that is subject to the supervision of a court within the United States and one or more United States persons as described in Section 7701(a)(30) of the Code has the authority to control all of the substantial decisions with respect to such trust; or (e) certain trusts with a valid election in effect under applicable Treasury regulations to be treated as a United States person within the meaning of the Code.

Notwithstanding the rules described below, it should be noted that, under law enacted in December 2017 that is effective for tax years beginning after December 31, 2018 in the case of original issue discount, certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Series 2021A Bonds at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below. However, recently proposed regulations permit a taxpayer to apply the rules described below rather than the applicable financial statement regime as long as the taxpayer consistently applies all the rules of the proposed regulation to all items of income during the taxable year.

BECAUSE INDIVIDUAL CIRCUMSTANCES MAY DIFFER, PROSPECTIVE PURCHASERS AND BENEFICIAL OWNERS OF THE BONDS ARE STRONGLY URGED TO CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THEIR PARTICULAR TAX SITUATIONS AND AS TO ANY FEDERAL, FOREIGN, STATE, LOCAL OR OTHER TAX CONSIDERATIONS (INCLUDING ANY POSSIBLE CHANGES IN TAX LAW) AFFECTING THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE BONDS.

Tax Status of the Series 2021A Bonds. The Series 2021A Bonds are taxable debt instruments for federal income tax purposes. As such, interest on the Series 2021A Bonds is not excludible from the gross income of Bondholders under Section 103 of the Code and will be fully subject to federal income taxation.

Interest. The Series 2021A Bonds are taxable debt instruments for federal income tax purposes. As such, interest on the Series 2021A Bonds is not excludible from the gross income of Bondholders under Section 103 of the Code and will be fully subject to federal income taxation.

Original Issue Discount Income; De Minimis OID. A Series 2021A Bond will have original issue discount (“OID”) if it is acquired by a Bondholder at its original issuance at a discount, other than a specific de minimis discount. A Series 2021A Bond is purchased at a discount if the “stated redemption price at maturity” (“SRPM”) of such Series 2021A Bond exceeds the Series 2021A Bond’s “issue price.” Such excess is also the amount of OID. The SRPM of a bond generally will be equal to the sum of all payments, whether principal or interest, to be made on the bond other than “Qualified Stated Interest” payments. Under applicable regulations, “Qualified Stated Interest” payments are stated interest payments based on a single fixed rate of interest or, under certain circumstances, a variable rate tied to an objective index, that are actually and unconditionally payable in cash or property (other than a debt instrument of the issuer) at fixed periodic intervals of one year or less during the entire term of the bond. In general, the “issue price” of a bond is the initial offering price to the public at which a substantial amount of bonds are sold, ignoring sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers.

The discount is de minimis if it is less than 0.25% of the Series 2021A Bond’s SRPM multiplied by the number of full years to the Series 2021A Bond’s maturity. All the Series 2021A Bonds were issued with de minimis OID. A Bondholder of a Series 2021A Bond issued with de minimis OID generally must include the de minimis OID in ordinary income as stated principal payments on the Series 2021A Bond are made. The amount of de minimis OID includible in income with respect to each principal payment on the Series 2021A Bonds equals the product of the total amount of de minimis OID on the Series 2021A Bond and a fraction, the numerator of which is the amount of principal payment made and the denominator of which is the stated principal amount of the Series 2021A Bond. Any amount of de minimis OID included in income upon sale, exchange, retirement or other taxable disposition of a bond will be treated as capital gain if the Series 2021A Bond is a capital asset in the Bondholder’s hands.

Constant Yield Election. Under applicable regulations, a Bondholder may elect to include in gross income all income that accrues on a Series 2021A Bond (including stated interest, acquisition discount, market discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium) in accordance with the constant yield method. Bondholders should consult their own tax advisors about how this election would apply to them.

Market Discount. A Series 2021A Bond purchased by a Bondholder after its original issue at a price lower than the Series 2021A Bond’s SRPM will be considered to bear “market discount” in an amount equal to such difference except if the difference is less than a specific de minimis amount. The market discount is de minimis if it is less than the product of 0.25% of the Series 2021A Bond’s stated principal amount, multiplied by the remaining number of years to maturity for such Series 2021A Bond at the time of purchase.

In general, any partial payment of principal or any gain recognized on the maturity or disposition of a Series 2021A Bond having market discount will be treated as ordinary income to the extent that the gain does not exceed the “accrued market discount” on such Series 2021A Bond. Generally, the accrued market discount will be the total market discount on a Series 2021A Bond multiplied by a fraction, the numerator of which is the number of days the Bondholder held the Series 2021A Bond and the denominator of which is the number of days from the date the Bondholder acquired the Series 2021A Bond until its maturity date. A Bondholder may elect, however, to determine accrued market discount under the constant-yield method.

Bondholders who acquire Series 2021A Bonds at a market discount may be required to defer, until the maturity date of such Series 2021A Bonds or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the Bondholder paid or accrued during the taxable year on indebtedness incurred or continued to purchase or carry a Series 2021A Bond in excess of the aggregate amount of interest includible in such Bondholder's gross income for the taxable year with respect to such Series 2021A Bond. The amount of such net direct interest expense deferred in a taxable year will not exceed the amount of market discount accrued on the Series 2021A Bond for the days during the taxable year on which the Bondholder held the Series 2021A Bond and, in general, would be deductible when such market discount is includible in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2021A Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the Bondholder elects to include such market discount in income currently as described above.

If the Series 2021A Bond is disposed of in a nontaxable transaction (other than as provided in Code Section 1276(c) and (d)), accrued market discount will be includible as ordinary income to the Bondholder as if the holder had sold the Series 2021A Bond at its then fair market value. Alternatively, a Bondholder may elect to recognize market discount as ordinary income currently as it accrues (on either a ratable or constant-yield basis), in lieu of treating a portion of any gain realized on a sale of the Series 2021A Bond as ordinary income. The adjusted basis of a Series 2021A Bond subject to this election will be increased to reflect market discount included in income, thereby reducing any gain or increasing any loss on a sale or taxable disposition. Also, if a Bondholder elects to include market discount on a current basis, the interest deduction deferral rule described above do not apply. If a Bondholder does make such election, it will apply to all market discount debt instruments that a Bondholder acquires on or after the first day of the first taxable year to which the election applies. The election may not be revoked without the consent of the IRS.

Amortizable Bond Premium. If a Bondholder purchases a Series 2021A Bond for an amount in excess of the sum of all amounts payable on the Series 2021A Bond after the acquisition date (other than payments of Qualified Stated Interest), the Bondholder will be considered to have purchased the Series 2021A Bond with amortizable bond premium equal in amount to that excess and may elect to amortize this premium over the remaining term of the Series 2021A Bond, based on the Bondholder's yield to maturity for the Series 2021A Bond as determined under the bond premium rules. If the Series 2021A Bond is redeemable prior to maturity, the amount of amortizable premium is determined with reference either to the amount payable on maturity or, if it results in a smaller premium attributable to the earlier redemption period, with reference to the amount payable on the earlier redemption date. A Bondholder may generally use the amortizable bond premium allocable to an accrual period to offset Qualified Stated Interest required to be included in the Bondholder's income for the Series 2021A Bond in that accrual period. Under applicable regulations, if the amortizable bond premium allocable to an accrual period exceeds the amount of Qualified Stated Interest allocable to the accrual period, the excess would be allowed as a deduction for the accrual period, but only to the extent of the Bondholder's prior interest inclusions on the Series 2021A Bond. Any excess is generally carried forward and allocable to the next accrual period. A Bondholder who elects to amortize bond premium must reduce his, her or its tax basis in the Series 2021A Bond by the amount of the bond premium amortized during the holding period of the Bondholder, as further described below under "–Sale, Exchange, Retirement or Other Taxable Disposition of Series 2021A Bonds." An election to amortize bond premium applies to all taxable debt obligations held by the Bondholder on or after the beginning of the first taxable year to which the election applies and may be revoked only with the consent of the IRS. Applicable regulations provide limited automatic consent for a Bondholder to change its method of accounting for bond premium to the constant yield method if the change is made for the first taxable year (by a statement on the relevant return) for which the Bondholder must account for a Series 2021A Bond under those regulations. If a Bondholder does not elect to amortize bond premium, the amount

of premium will be included in its tax basis in the Series 2021A Bond; therefore, such bond premium generally would produce a capital loss, which capital loss may be subject to limitations on deductibility.

Sale, Exchange, Retirement, or Other Taxable Disposition of Series 2021A Bonds. Upon the sale, exchange, redemption, retirement or other taxable disposition of a Series 2021A Bond, a Bondholder generally will recognize gain or loss equal to the difference between (i) the amount of cash proceeds and the fair market value of any property received for the Series 2021A Bond (which excludes payments for accrued interest not previously reported in income), and (ii) the Bondholder's adjusted basis in the Series 2021A Bond or applicable portion of the adjusted basis. The Bondholder's adjusted basis generally will equal the cost of the Series 2021A Bond to the Bondholder, increased by any market discount previously included in the Bondholder's ordinary income for the Series 2021A Bond and reduced by any principal payments on the Series 2021A Bond previously received by the holder and by any amortizable bond premium used to offset Qualified Stated Interest and certain other amortizable bond premium allowed as a deduction under the regulations described above under the section entitled "–Amortizable Bond Premium." Except as discussed above under the section entitled "–Market Discount" for Series 2021A Bonds with market discount, or to the extent cash received is attributable to accrued Qualified Stated Interest, any gain or loss recognized upon a sale, exchange, redemption, retirement, or other disposition of a Series 2021A Bond will be capital gain or loss and will be long-term capital gain or loss if the Bondholder's holding period in the Series 2021A Bond exceeds one year on the date of the disposition. The deductibility of capital losses is subject to limitations. Prospective investors should consult their tax advisors regarding the treatment of capital gains and losses as it applies to them.

Defeasance or Material Modification. The legal defeasance or other significant modification of a Series 2021A Bond may result in a deemed disposition of such Series 2021A Bond and a deemed reissuance of a "new" Series 2021A Bond to the Bondholder for federal income tax purposes, in which event a Bondholder will recognize taxable gain or loss equal to the difference between the amount realized from the deemed exchange and the Bondholder's adjusted tax basis in the Series 2021A Bond. The "new" Series 2021A Bond deemed reissued in such a defeasance or significant modification may be treated as issued with original issue discount in an amount equal to the excess, if any, of the stated principal amount of the "new" Series 2021A Bond over its deemed issue price. Prospective investors should consult their tax advisors regarding the tax consequences of a defeasance or material modification of the Series 2021A Bonds.

Medicare Tax. The income of a Bondholder that is an individual, certain trusts or an estate from a Series 2021A Bond is potentially subject to the 3.8% Medicare tax under Code Section 1411. Bondholders are urged to consult with their tax advisors regarding the applicability of the Medicare tax to income and gains in respect of their investment in the Series 2021A Bonds.

Backup Withholding and Information Reporting. A backup withholding tax, currently at a 24% rate, and information reporting requirements generally apply to specified payments of principal, premium and interest (including original issue discount in some instances) made to, and to the proceeds of sale before maturity by, Bondholders (other than certain exempt recipients, such as organizations exempt from taxation under Section 501(a) of the Code) who fail to provide and certify certain identifying information (e.g., the holder's taxpayer identification number) in the required manner. Under current Treasury regulations, backup withholding will not apply to payments made on a Series 2021A Bond or proceeds from the sale of a Series 2021A Bond if the Bondholder:

- (a) provides its U.S. taxpayer identification number (typically on IRS Form W-9 or a successor form), certifies that it is a U.S. person, and certifies that (1) it is exempt from backup withholding, (2) it has not been notified by the IRS that it is subject to backup withholding or (3) it has been notified by the IRS that it is no longer subject to backup withholding; or

- (b) establishes an exemption from backup withholding.

Any amounts withheld from a payment to a Bondholder under the backup withholding rules will be refunded or credited against that Bondholder's federal income tax liability. The amount of any "reportable payments" for each calendar year and the amount of tax withheld, if any, with respect to those payments will be reported to the holders of the Series 2021A Bonds and to the IRS.

Certain U.S. Federal Income and Estate Tax Consequences to Non-U.S. Holders. This section describes certain U.S. federal income and estate tax consequences to Non-U.S. Holders.

Payments of interest (including OID) on a Series 2021A Bond to a Bondholder that is not a United States Holder (a "Non-U.S. Holder") are generally not subject to United States federal income tax or nonresident withholding tax, provided that:

- (a) the Non-U.S. Holder is not actually or constructively a "10-percent shareholder" under Section 871(h) or 881(c)(3)(B) of the Code;
- (b) the Non-U.S. Holder is not, for United States federal income tax purposes, a controlled foreign corporation with respect to which the Authority is a "related person" within the meaning of Section 881(c)(3)(C) of the Code;
- (c) the Non-U.S. Holder is not a bank receiving interest described in Section 881(c)(3)(A) of the Code;
- (d) the certification requirements under Section 871(h) or 881(c) of the Code and regulations (summarized below) are met; and
- (e) the Series 2021A Bond interest is not effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States under Section 871(b) or Section 882 of the Code.

In order to obtain the exemption from income and withholding tax, either (1) the Non-U.S. Holder must provide its name and address, and certify, under penalties of perjury on Internal Revenue Service Form W-8BEN, W-8BEN-E, W-8IMY or W-8EXP, as applicable, to the Authority, its paying agent, or other applicable withholding agent as the case may be, that such Bondholder is a Non-U.S. Holder or (2) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business (a "Financial Institution") and holds a Series 2021A Bond on behalf of the Non-U.S. Holder; must certify, under penalties of perjury, to the Authority or its paying agent that such certificate has been received from the beneficial owner by it or by any intermediary Financial Institution and must furnish the Authority or its paying agent with a copy of the certificate. A certificate is generally effective only with respect to payments of interest made to the certifying Non-U.S. Holder after issuance of the certificate in the calendar year of its issuance and the two immediately succeeding calendar years. A Non-U.S. Holder who does not satisfy the exemption requirements is generally subject to United States withholding tax on payments of interest (including OID).

Interest on a Series 2021A Bond (including OID) that is effectively connected with the conduct of a United States trade or business by the Non-U.S. Holder is generally subject to United States federal income tax in the same manner as with a U.S. Holder, except to the extent otherwise provided under an applicable tax treaty. Effectively connected interest income received by a corporate Non-U.S. Holder may also, under certain circumstances, be subject to an additional branch profits tax. Effectively connected

interest income will not be subject to withholding tax if the Non-U.S. Holder delivers a properly completed Internal Revenue Service Form W-8ECI to the Authority or its paying agent.

Foreign Account Tax Compliance Act (“FATCA”). Pursuant to the Foreign Account Tax Compliance Act (commonly referred to as “FATCA”), foreign financial institutions (which term includes most foreign banks, hedge funds, private equity funds, mutual funds, securitization vehicles and other investment vehicles) and certain other foreign entities generally must comply with certain information reporting rules with respect to their U.S. account holders and investors or confront a withholding tax on U.S.-source payments made to them (whether received as a beneficial owner or as an intermediary for another party). A foreign financial institution or such other foreign entity that does not comply with the FATCA reporting requirements will generally be subject to a 30% withholding tax with respect to any “withholdable payments.” For this purpose, withholdable payments generally include U.S.-source payments otherwise subject to nonresident withholding tax (*e.g.*, U.S.-source interest including OID) and also include the entire gross proceeds from the sale or other disposition of any debt instruments of U.S. issuers, even if the payment would otherwise not be subject to U.S. nonresident withholding tax (*e.g.*, because it is capital gain). Under the applicable final Treasury regulations, withholding under FATCA, if required, generally will apply to payments of U.S.-source interest on the Series 2021A Bonds and to payments of gross proceeds from dispositions (including redemptions) of the Series 2021A Bonds. However, the IRS issued proposed Treasury regulations that eliminate withholding on payments of gross proceeds (but not on payments of interest). Pursuant to the proposed Treasury regulations, the Authority and any applicable withholding agent may (but are not required to) rely on this proposed change to FATCA withholding until the final regulations are issued or the proposed regulations are withdrawn. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States pursuant to FATCA may be subject to different rules with respect to information reporting and related requirements.

The Authority will not pay any additional amounts in respect of any amounts withheld, including pursuant to FATCA. Under certain circumstances, a Bondholder might be eligible for refunds or credits of such taxes. Bondholders are urged to consult with their own tax advisors regarding the affect, if any, of the FATCA provisions on them based on their particular circumstances.

Series 2021B Bonds

General. In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Series 2021B Bonds will be excludible from gross income for federal income tax purposes and that interest on the Series 2021B Bonds will not be a specific item of tax preference under Section 57 of the Code for purposes of the federal alternative minimum tax. Interest on the 2020 Series B Bonds is not excludable from gross income for Federal income tax purposes.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Series 2021B Bonds. The Authority has covenanted to comply with certain restrictions designed to ensure that interest on the Series 2021B Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Series 2021B Bonds being includable in gross income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Series 2021B Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2021B Bonds may adversely affect the Federal tax status of the interest on the Series 2021B Bonds.

Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2021B Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series 2021B Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Dinsmore & Shohl LLP.

Although on the date the Series 2021B Bonds are issued, Bond Counsel will render an opinion that interest on the Series 2021B Bonds is excludible from gross income for Federal income tax purposes and that interest on the Series 2021B Bonds is exempt from Kentucky income taxation, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2021B Bonds may otherwise affect a Holder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Holder or the Holder's other items of income or deduction. For example, such effects may include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies, under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or the Railroad Retirement benefits under Section 86 of the Code and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any of the Series 2021B Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of the Series 2021B Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Series 2021B Bonds. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Holder or potential Holder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing of the Series 2021B Bonds on the tax liabilities of the individual or entity.

The Authority has not designated the Series 2021B Bonds and 2020 Series B Bonds as "qualified tax-exempt obligations" under Section 265 of the Code.

Tax Treatment of Original Issue Premium. "Acquisition Premium" is the excess of the cost of a bond over the stated redemption price of such bond at maturity or, for bonds that have one or more earlier call dates, the amount payable at the next earliest call date. The Series 2021B Bonds that have an interest rate that is greater than the yield, as shown on the inside cover page hereto (the "Premium Bonds"), are being initially offered and sold to the public at an Acquisition Premium. For federal income tax purposes, the amount of Acquisition Premium on the Series 2021B Bonds must be amortized and will reduce the Holder's adjusted basis in those Series 2021B Bonds. However, no amount of amortized Acquisition Premium on Series 2021B Bonds may be deducted in determining Holder's taxable income for federal income tax purposes. The amount of any Acquisition Premium paid on the Premium Bonds, or on any of the Series 2021B Bonds, that must be amortized during any period will be based on the "constant yield" method, using the original Holder's basis in such bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis.

Holders of any Series 2021B Bonds, including any Premium Bonds, purchased at an Acquisition Premium should consult their own tax advisors as to the actual effect of such Acquisition Premium with respect to their own tax situation and as to the treatment of Acquisition Premium for state tax purposes.

Tax Treatment of Original Issue Discount. Certain Series 2021B Bonds that have an interest rate that is lower than the yield on the Series 2021B Bonds and Series 2021B Bonds that have a maturity amount

that is greater than their initial principal amount, all as shown on the inside cover page hereto (the “Discount Bonds”), are being offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the “issue price” of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of the bond, and for the Discount Bonds, the amount of accretion will be based on a single rate of interest, compounded semiannually (the “yield to maturity”). The amount of OID that accrues during each semi-annual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of a Discount Bond at its issue price, the portion of OID that accrues during the period that such purchaser owns the Discount Bond is added to such purchaser’s tax basis for purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Discount Bond and thus, in practical effect, is treated as stated interest, which is (with respect to Series 2021B Bonds) excludable from gross income for federal income tax purposes.

Holders of Discount Bonds should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Bonds other than at the issue price during the initial public offering and as to the treatment of OID for state tax purposes.

CONTINUING DISCLOSURE

The Authority delivered a Continuing Disclosure Undertaking (the “2013 Continuing Disclosure Undertaking”) to assist the Underwriters in complying with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended. The 2013 Undertaking requires the Authority to file with EMMA (i) certain annual financial information and operating data and (ii) certain event notices. The form of the Continuing Disclosure Undertaking related to the Series 2021 Bonds (the “2021 Undertaking” and together with the 2013 Undertaking, the “Continuing Disclosure Undertakings”) is attached as APPENDIX I. The Authority may amend the Continuing Disclosure Undertakings in the future so long as such amendments are consistent with the Rule as then in effect.

The Continuing Disclosure Undertakings require the Authority to provide limited information at specified times. A default by the Authority under the Continuing Disclosure Undertakings is not an Event of Default with respect to the Series 2021 Bonds. The Continuing Disclosure Undertakings permit any Bondholder to seek specific performance of the Authority’s obligations thereunder after 30 days prior written qualifying notice to the Authority and 30 days to cure, but no assurance can be given as to the outcome of any such proceeding.

The Authority, due to late reports from third parties, filed audited annual financial statements more than 150 days after the end of the Fiscal Year for 2015, 2016, 2017, 2018, 2019, and 2020. On September 4, 2019, December 18, 2019, and May 7, 2021 the Authority filed a Notice of Late Filing on EMMA regarding the matter listing the affected securities.

The Authority, due to late reports from third parties, filed unaudited quarterly financial statements for Quarter 1 of Fiscal Year 2016 through Quarter 3 of Fiscal Year 2021, inclusively, after the date for filing set forth in the 2013 Undertaking. On September 4, 2019, December 12, 2019, June 2, 2020, April 5, 2021 and June 30, 2021 the Authority filed a Notice of Late Filing on EMMA regarding the matter which identified the affected securities.

In addition, the Authority's annual operating information filings did not contain all of the information required by the 2013 Undertaking. Also, the Authority failed to make a timely filing of its notice of failure to comply with those continuing disclosure obligations.

As a result of the late reporting of certain information to the Authority by third parties, the obligations under the Continuing Disclosure Undertakings will be modified by the 2021 Undertaking to extend the reporting timeline for quarterly and annual financial information.

LEGAL MATTERS

Certain legal matters relating to the issuance of the Series 2021 Bonds are subject to the approving opinion of Bond Counsel to the Authority, Dinsmore & Shohl, LLP, Covington, Kentucky, which will be furnished upon the issuance of the Series 2021 Bonds. The form of such opinion is set forth in APPENDIX J of this Official Statement (the "Bond Opinion"). The Bond Opinion is limited to matters relating to the issuance of the Series 2021 Bonds and to the status of interest on the Series 2021 Bonds as described in "TAX MATTERS."

Certain legal matters will be passed upon for the Authority by its counsel, Wyatt, Tarrant & Combs, LLP, Louisville, Kentucky, and for the Underwriters by their counsel, Nixon Peabody LLP, New York, New York.

LITIGATION

No litigation is currently pending or, to the knowledge of the Authority, threatened against the Authority (i) seeking to restrain or enjoin the issuance of the Series 2021 Bonds or the collection of Pledged Revenues pledged under the Indenture, (ii) in any way contesting or affecting any authority for the issuance of the Series 2021 Bonds or the validity or binding effect of the Series 2021 Bonds, of the resolutions of the Authority authorizing and implementing the Series 2021 Bonds or of the Indenture, or (iii) in any way contesting the creation, existence, powers or jurisdiction of the Authority, or the validity or effect of the Interlocal Agreement, the Development Agreement, the Act or any provision thereof, or the application of the proceeds of the Series 2021 Bonds.

A putative class-action lawsuit is currently pending in the U.S. District Court for the Southern District of Indiana. The plaintiffs, users of the System, allege that System users were improperly charged fees and penalties after either (a) not receiving a first invoice allowing them to pay before being charged fees and penalties or (b) receiving a first invoice with an allegedly incorrect payment due date. The defendants in the case are the TSP and one of its subcontractors. Neither the Authority nor any other Kentucky or Indiana state agency is a party to the litigation. The defendants' motion to dismiss for failure to state a claim was denied. The Court has not yet ruled on plaintiffs' motion for class certification.

RATINGS

The Series 2021 Bonds are expected to be assigned a rating of "A2" by Moody's, "AA" by S&P and "AA+" by Kroll with the understanding that, upon delivery of the Series 2021 Bonds, the Policy will be issued by AGM. See "APPENDIX K – "INFORMATION RELATING TO ASSURED GUARANTY MUNICIPAL CORP. AND FORM OF POLICY". The Series 2021 Bonds have been assigned underlying long-term ratings of "BBB" with a positive outlook by Fitch and "Baa2" with a stable outlook by Moody's.

The Authority furnished the rating agencies with information contained in this Official Statement and certain other materials and information about the Authority. Generally, rating agencies base their

ratings on such materials and information, as well as investigations, studies and assumptions developed by the rating agencies.

A rating, including any related outlook with respect to potential changes in such ratings, reflects only the view of the agency giving such rating and is not a recommendation to buy, sell or hold the Series 2021 Bonds. An explanation of the significance of a rating may be obtained only from the rating agency furnishing the same. The ratings of the Series 2021 Bonds may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of any of them, circumstances so warrant. Any such downward revision or withdrawal of any such ratings is likely to have an adverse effect on the market price of the Series 2021 Bonds.

UNDERWRITING

The underwriters of the Series 2021 Bonds listed on the cover of this Official Statement (the “Underwriters”), for whom Citigroup Global Markets Inc. has agreed to act as representative, have agreed to purchase the Series 2021 Bonds.

The Series 2021A Bonds are being sold at a price of \$_____ (which is equal to the principal amount of such Series 2021 Bonds less underwriting discount of \$_____). The Series 2021B Bonds are being sold at a price of \$_____ (which is equal to the principal amount of such Series 2021B plus a net original issue premium of \$_____ and less underwriting discount of \$_____).

The Underwriters will be obligated to purchase all of the Series 2021 Bonds if any Series 2021 Bonds are purchased. The Underwriters reserve the right to join with other underwriters in offering each of the Series 2021 Bonds. The obligations of the Underwriters to accept the delivery of the Series 2021 Bonds are subject to various conditions set forth in the Bond Purchase Agreement.

Citigroup Global Markets Inc., an underwriter of the Series 2021 Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

Morgan Stanley & Co. LLC., an underwriter of the Series 2021 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2021 Bonds.

J.P. Morgan Securities LLC (“JPMS”), one of the underwriters of the Series 2021 Bonds, has entered into negotiated dealer agreements (each, a “JPMS Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each JPMS Dealer Agreement, each of CS&Co. and LPL may purchase Series 2021 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2021 Bonds that such firm sells.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing, market making, and brokerage activities. The Underwriters and their affiliates may have, from time to time, performed, and may in the

future perform, various financial advisory and investment banking services for the Authority for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their affiliates, officers, directors, and employees may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers (which may include persons or entities with relationships with the issuer) and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority. The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

FINANCIAL ADVISOR

PFM Financial Advisors, LLC (the “Financial Advisor”) serves as financial advisor to the Authority in connection with the issuance of the Series 2021 Bonds. The Financial Advisor has assisted in the preparation of the debt issuance plan for funding of the Project based on information provided by the Authority. In addition, they have assisted in the preparation of this Official Statement. The Financial Advisor has not undertaken to make an independent verification of, or to assume responsibility for, the accuracy, completeness or fairness of the information contained in this Official Statement.

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MISCELLANEOUS

Neither of the Commonwealth or the Trustee has participated in the preparation of this Official Statement and therefore takes no responsibility for its content. All of the appendices are an integral part of this Official Statement and must be read together with this Official Statement. The description of the Indenture does not purport to be comprehensive or definitive, and prospective purchasers of the Series 2021 Bonds are referred to the Indenture for the complete terms thereof. Copies of the Indenture may be obtained from the Authority. So far as any statements made in this Official Statement involve matters of opinion, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. Historical data is presented for information purposes only and is not intended to be a projection of future results.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

By: _____
Jim Gray, Chairman

DEFINITIONS

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DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms used in the General Trust Indenture, the Lease, and this Official Statement.

“Accreted Value” means, with respect to any Capital Appreciation Bonds or Convertible Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in a Series Trust Indenture as the amount representing the initial principal amount of those Capital Appreciation Bonds or Convertible Capital Appreciation Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, determined in accordance with the provisions of the Series Trust Indenture authorizing the issuance of the applicable Capital Appreciation Bonds or Convertible Capital Appreciation Bonds.

“Act” means KRS Chapter 175B, as amended.

“Additional Project” means any project that is not initially part of the System that the Authority is authorized under the Act and permitted under the Interlocal Agreement to undertake and finance, subject to the requirements of Section 204 of the General Trust Indenture.

“Annual Debt Service” means for any Fiscal Year, as computed in accordance with paragraph (d) of this definition, the sum (without duplication) of the aggregate amount of principal and interest scheduled to become due and payable in that Fiscal Year on all Bonds then Outstanding (by scheduled maturity, mandatory redemption or otherwise); provided that if a Hedge Facility has been entered into with respect to any Bond, interest on that Bond shall be included in the calculation of Annual Debt Service by including for each Fiscal Year an amount equal to the amount of interest payable on those Bonds at the rate or rates stated in that Bond plus any Hedge Payments paid or reasonably estimated to be paid by the Authority in such Fiscal Year minus any Hedge Receipts receivable by the Authority in that Fiscal Year (provided that in no event shall the calculation made pursuant to this clause result in a number less than zero being included in the calculation of Annual Debt Service); and further provided that for the purposes of calculating Annual Debt Service:

(a) In determining the amount of principal to be funded in each year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Bonds in accordance with any amortization schedule or amortization calculations established by the Series Trust Indenture setting forth the terms of those Bonds, including, as a principal payment, the Accreted Value of any Capital Appreciation Bonds or Convertible Capital Appreciation Bonds maturing or scheduled for redemption in that year; and in determining the amount of interest to be funded in each year, interest payable at a fixed rate shall (except to the extent any other subsection of this definition applies) be assumed to be made at that fixed rate and on the required funding dates.

(b) Except for any historical period for which the actual rate or rates are determinable, if interest on Bonds is payable pursuant to a variable interest rate (or if Hedge Payments or Hedge Receipts are determined pursuant to a variable rate formula), the Certified Interest Rate shall be used.

(c) Unless otherwise provided in a Supplemental Trust Indenture, (i) Bond Anticipation Obligations shall be treated as if they were to be amortized at the Certified

Interest Rate with substantially level debt service over a period of 30 years from the date that the Bond Anticipation Obligations were issued and (ii) any Balloon Maturity shall be treated as if it were to be amortized at the Certified Interest Rate from the maturity date of the Balloon Maturity to a date not later than 30 years from the date the Bonds having the Balloon Maturity were issued.

(d) In any computation relating to the issuance of Bonds required by Section 204 and any computation required by Section 708, there shall be excluded from the computation of Annual Debt Service principal of and interest on Bonds for which funds are, or are reasonably expected to be, available for and which are irrevocably committed to make those payments, including without limitation (i) any such funds in an escrow account, (ii) any such funds constituting capitalized interest held in any account created by the General Trust Indenture, (iii) investment earnings from Investment Obligations which are estimated by the Authority to be retained in the Debt Service Fund during the applicable period, and (iv) any Federal Credit Payments.

“Authority” means the Kentucky Public Transportation Infrastructure Authority created by the Act, an independent de jure municipal corporation and political subdivision of the Commonwealth constituting a governmental agency and instrumentality of the Commonwealth, or such other designation as may be effected by future amendments to the Act.

“Authority System” means (i) during the period of initial construction, the Project (other than any Additional Project) and; (ii) after completion of the initial construction, the part of the System that is operated and maintained by the Authority under the terms of the Development Agreement and identified therein as the “Sections 1, 2 and 4A,” and (iii) any Additional Projects.

“Authority System Budget” has the meaning set forth in Section 709 of the General Trust Indenture.

“Authority System Revenue” means (i) Authority Toll Revenue plus (ii) investment earnings required to be deposited (or if related to a calculation with respect to future deposits, as reasonably estimated by the Authority to be deposited) in the Authority System Revenue Fund under the terms of the General Trust Indenture.

“Authority System Revenue Fund” means the Authority System Revenue Fund designated as such and established and created by the General Trust Indenture.

“Authority Toll Revenue” means the amount payable to the Authority under the Development Agreement from the gross amount of all Tolls, administrative fees, violation charges, incidental charges, penalties and other charges collected through a collection process with respect to the System.

“Authorized Officer” means the chairman, vice chairman or secretary of the Authority, and any other of its members, officers, agents, or employees duly authorized by resolution of the Authority to perform the act or sign the document in question.

“Balloon Maturity” means, except in the case of Bond Anticipation Obligations, a principal amount payable on a Principal Installment Date (reduced by the amount scheduled to be retired by prepayment or mandatory sinking fund redemption prior to such Principal

Installment Date) that is 50% or more of the aggregate principal amount of the related Series of Bonds.

“Bankruptcy Related Event” means (a) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Authority or any of its debts, or of a substantial part of the assets of the Authority relating to the Authority System, under any Insolvency Law, or (ii) the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for the Authority for a substantial part of the assets of the Authority relating to the Authority System, and, in any case referred to in the foregoing subclauses (i) and (ii), such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or (b) the Authority shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for the Authority or for a substantial part of the assets of the Authority System, (ii) generally not be paying its debts as they become due unless such debts are the subject of a bona fide dispute, or become unable to pay its debts generally as they become due, (iii) fail to make two (2) consecutive payments of debt service on a TIFIA Bond when due, or (iv) make a general assignment for the benefit of creditors, or (v) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition with respect to it described in clause (a) of this definition, or (vi) commence a voluntary proceeding under any Insolvency Law, or file a voluntary petition seeking liquidation, reorganization, an arrangement with creditors or an order for relief under any Insolvency Law, or (vii) file an answer admitting the material allegations of a petition filed against it in any proceeding referred to in the foregoing subclauses (i) through (vi), inclusive, of this clause (b), or (viii) take any action for the purpose of effecting any of the foregoing.

“Biennium” means the fiscal period beginning on July 1 of an even-numbered year and ending on June 30 of the next following even-numbered year.

“Bond” or “Bonds” means any bonds or any other evidences of the obligation to repay borrowed money issued or incurred by the Authority from time to time pursuant to Article II of the General Trust Indenture and the terms of the Series Trust Indentures. The term “Bond” or “Bonds” includes, without limitation, notes, Bond Anticipation Obligations, Hedge Payments, and other securities, contracts or obligations incurred through lease, installment purchase or other agreements, including any Reimbursement Agreements, or certificates of participation therein, in each case to the extent secured by the General Trust Indenture. The terms “Bond” and “Bonds” includes First Tier Bonds, Second Tier Bonds, Third Tier Bonds, TIFIA Bonds and Subordinate Bonds and may, if provided in a Series Trust Indenture, include Credit Provider Bonds.

“Bond Anticipation Obligations” means Bonds issued in anticipation of the sale of a Series of Bonds in a principal amount not exceeding the principal amount of such Series of Bonds and payable from the proceeds of the sale of the Series of Bonds in anticipation of which such Bond Anticipation Obligations are issued, which may be payable, in whole or in part, from Pledged Receipts, at the discretion of the Authority, as set forth in a Supplemental Trust Indenture.

“Bond Counsel” means an attorney or firm or firms of attorneys of national recognition, selected or employed by the Authority, experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

“Bond Interest Payment Date” means, with respect to each Series of Bonds, each date set forth in the applicable Series Trust Indenture with respect to that Series of Bonds on which interest is payable.

“Bond Payment Date” means any Bond Interest Payment Date or Bond Principal Payment Date.

“Bond Principal Payment Date” means, with respect to each Series of Bonds, each date set forth in the applicable Series Trust Indenture with respect to that Series of Bonds on which principal is payable by reason of Sinking Fund Installments or maturity.

“Bondholder” or “Holder” means the person in whose name a Bond is registered; provided that a Series Trust Indenture may provide that other persons may be deemed to be the Bondholder of all or a portion of the Series of Bonds authorized thereby, including but not limited to the Credit Provider for those Bonds. A Hedge Provider shall only be considered a Bondholder to the extent specified in a Series Trust Indenture.

“Business Day” means, unless specified otherwise in the applicable Series Trust Indenture, any day of the week other than Saturday, Sunday or a day on which commercial banks located in the Commonwealth or in the jurisdiction in which the principal office of the Trustee, any Fiduciary, the Credit Provider or the Hedge Provider, if applicable, is located are required or authorized to remain closed or on which the New York Stock Exchange is closed.

“Capital Appreciation Bonds” means any Series of Bonds all the interest on which is compounded and accumulated at the rates and on the dates set forth in a Series Trust Indenture and is payable only upon redemption or on the maturity date of those Bonds.

“Certified Interest Rate” means a fixed rate of interest, determined by an investment banking or financial advisory firm selected by the Authority, as the rate of interest (i) Bonds having interest payable at a variable interest rate (or Hedge Payments or Hedge Receipts determined pursuant to a variable rate formula) would bear if such Bonds (or Hedge Payments or Hedge Receipts) had interest payable at a fixed rate of interest, assuming the same maturities, terms and provisions (other than interest rate) as the proposed Bonds (or Hedge Payments or Hedge Receipts) or (ii) Bonds would bear if issued on the date of issuance of Bond Anticipation Obligations or Bonds having a Balloon Maturity as provided under the definition of Annual Debt Service.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, together with all applicable rulings and regulations promulgated thereunder.

“Commonwealth” means the Commonwealth of Kentucky.

“Completion Bonds” means any Bonds issued for the purpose of financing the completion of the acquisition, construction or equipping of the Project to the extent necessary to provide a completed and fully equipped Project (which may include, but shall not be limited to, capitalized interest, required reserves, and/or costs of issuing those Completion Bonds).

“Consulting Engineer” means HNTB Corporation or another independent engineer or engineering firm, or an affiliate thereof, nationally recognized as being experienced with

determining the costs of construction, operation, maintenance, repair, and/or replacement of facilities similar to the Authority System.

“Convertible Capital Appreciation Bonds” means Bonds which initially are issued as Capital Appreciation Bonds, but later convert to Bonds on which interest is paid periodically. Convertible Capital Appreciation Bonds shall be Capital Appreciation Bonds until the conversion date and from and after that conversion date shall no longer be Capital Appreciation Bonds but shall be treated as having a principal amount equal to their Accreted Value on the conversion date.

“Cost” means:

- (a) The cost of construction of the Project, including the acquisition of land, rights-of-way, property, rights in land, easements, and interests acquired by the Authority for construction of the Project;
- (b) The cost of preparing land or property, including demolishing or removing any buildings or structures, and the cost of acquiring any lands to which those buildings or structures may be moved;
- (c) The pro-rata value of all machinery and equipment used in construction of the Project;
- (d) Financing charges and provisions for working capital in an amount the Authority determines to be reasonable;
- (e) Interest prior to and during construction and, if approved by the Authority, for a period up to two (2) years after completion of construction;
- (f) The cost of traffic estimates and of engineering, financial and legal services, plans, specifications, surveys, estimates of cost and revenues, or other expenses necessary or incidental to determining the feasibility or practicability of constructing any Project;
- (g) The cost and expense of the relocation or removal of public utilities impacted by the Project, including the cost of installing the facilities in a new location, the cost of any lands or any rights or interests in lands, and the cost of any other rights acquired to accomplish the relocation or removal;
- (h) Administrative expenses and any other expenses that are necessary for or incidental to the construction of the Project, the financing of the construction, and the placing of the Project in operation;
- (i) The cost of maintenance of the completed Authority System; and
- (j) Any other “cost,” as defined in the Act.

Any obligation or expense incurred by and reimbursed to the Authority in connection with any of the items of cost set out in this subsection may be regarded as a part of Cost.

“Counsel Opinion” or “Counsel’s Opinion” shall mean an opinion of Bond Counsel.

“Credit Facility” or “Credit Facilities” means, with respect to a Series of Bonds, a letter of credit, line of credit, municipal bond insurance, surety policy, standby bond purchase agreement, direct purchase or similar agreement or other form of credit enhancement and/or liquidity support, which may include self-liquidity provided by the Authority, if any, for that Series of Bonds, provided for in the applicable Series Trust Indenture or if not specifically provided for in the Series Trust Indenture, meeting the requirements of the General Trust Indenture, including any alternate Credit Facility with respect to that Series of Bonds delivered in accordance with provisions of the Series Trust Indenture providing for the issuance of that Series of Bonds.

“Credit Provider” means, with respect to a Series of Bonds, the provider of a Credit Facility, which may be the Commonwealth.

“Credit Provider Bonds” means any Bonds purchased with funds provided under a Credit Facility for so long as those Bonds are held by or for the account of, or are pledged to, the applicable Credit Provider in accordance with the applicable Series Trust Indenture.

“Debt Service Accounts” means the First Tier Debt Service Account, the Second Tier Debt Service Account, the Third Tier Debt Service Account and any Debt Service Account established for Subordinate Bonds.

“Debt Service Fund” means the Fund so designated and established and created by the General Trust Indenture.

“Debt Service Reserve Accounts” means the First Tier Common Debt Service Reserve Account, the Second Tier Common Debt Service Reserve Account, the Third Tier Common Debt Service Reserve Account and any Series Debt Service Reserve Accounts.

“Debt Service Reserve Requirement” means the amount or amounts, if any, required to be on deposit in the First Tier Common Debt Service Reserve Account, the Second Tier Common Debt Service Reserve Account, the Third Tier Common Debt Service Reserve Account or any Series Debt Service Reserve Account, as applicable, specified in the Series Trust Indenture governing the issuance of and securing the related Series of Bonds.

“Default” means any occurrence, circumstance or event, or any combination thereof, which, with the lapse of time and/or giving of notice, would constitute an Event of Default.

“Defeasance Obligations” means any of the following:

(a) non-callable direct obligations of the United States of America, non-callable and non prepayable direct federal agency obligations the timely payment of principal of and interest on which is fully and unconditionally guaranteed by the United States of America, the interest components of REFCORP bonds, and United States Agency for International Development (“US AID”) guaranteed notes including stripped securities provided that any such US AID security shall mature at least 5 business days prior to any cash flow or escrow requirement;

(b) non-callable obligations, timely maturing and bearing interest, to the extent that the full faith and credit of the United States of America are pledged to the timely payment thereof;

(c) non-callable senior debt obligations, participations, or other instruments issued or fully guaranteed by any federal agency, instrumentality, corporation, or government-sponsored enterprise, including but not limited to: Fannie Mae, Freddie Mac, the Federal Home Loan Banks, the Federal Farm Credit System, Tennessee Valley Authority, and Resolution Funding Corporation;

(d) certificates rated in the highest category by the Rating Agencies then rating the Bonds to be defeased evidencing ownership of the right to the payment of the principal of and interest on obligations described in clause (b) or (c) above, provided that such obligations are held in the custody of a bank or trust company satisfactory to the Trustee in a segregated trust account in the trust department separate from the general assets of such custodian; and

(e) bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (ii) timely payment of which is fully secured by a fund consisting only of cash or obligations of the character described in clause (a), (b), (c), or (d) which fund may be applied only to the payment when due of such bonds or other obligations and (iii) which are rated in the highest category by the Rating Agencies then rating the Bonds to be defeased.

“Development Agreement” means the Bi-State Development Agreement effective December 20, 2012 among the Authority, the Transportation Cabinet, INDOT and IFA, as amended and supplemented from time to time.

“Downtown Crossing” has the meaning set forth in the Development Agreement, as more fully described in Appendix A to the Development Agreement.

“DTC” means The Depository Trust Company, a limited purpose trust company, New York, New York.

“Emergency Repair Bonds” means any Bonds issued for the purpose of financing Costs of repairs to any portion of the Authority System if the Transportation Cabinet has determined that an emergency exists or is threatened which makes those repairs necessary to restore that portion of the Authority System to a safe operating condition due to damage as a result of fire, flood, earthquake, other disaster, or otherwise.

“Event of Default” means any one or more of those events set forth in Section 1002.

“Excess Credit Facility Amounts” means amounts due and payable pursuant to a Credit Facility that are not principal and interest payments due and payable to the Holders of Bonds (which includes the principal and interest payments due and payable to the Credit Provider as an assignee or subrogee of, or other contractual substitute for, Holders of Bonds due to the payment of principal and interest to the Holders by the Credit Provider under the applicable Credit

Facility), which excess amounts include, without limitation, interest on amounts drawn under, or payable in accordance with, such Credit Facility; interest in excess of the interest paid to Bondholders; and fees and expenses of the Credit Provider.

“First Tier Bonds” means Bonds payable from and secured by the First Tier Debt Service Account.

“First Tier Common Debt Service Reserve Account” means the account of that name created by the General Trust Indenture in the Debt Service Fund.

“First Tier Debt Service Account” means the account of that name created in the Debt Service Fund.

“First Tier Debt Service Reserve Accounts” means the First Tier Common Debt Service Reserve Account and any Series Debt Service Reserve Account securing the payment of First Tier Bonds.

“Fiscal Year” means each annual period which begins on July 1 in any calendar year and ends on June 30 in the following calendar year, or such other period as may be designated from time to time in writing by an Authorized Officer of the Authority.

“Fitch” means Fitch, Inc., and its successors, if any, and if that corporation shall no longer perform the functions of a securities rating agency, “Fitch” means any other nationally recognized securities rating agency (other than Kroll, Moody’s and S&P) designated by the Authority.

“Funds and Accounts” means the funds and accounts established by the General Trust Indenture or any Series Trust Indenture.

“General O&M Expenses” means, to the extent permitted by the Act, (i) except for any Toll System Collection Expenses or M&R Expenses, all actual cash maintenance and operation costs (excluding costs of capital expenditures) incurred and paid (or if applicable forecast to be incurred and paid) in connection with the operation and maintenance of the Project and the Authority System in any particular calendar year, Fiscal Year or other period to which said term is applicable, including payments made pursuant to the Development Agreement (in each case excluding expenditures that constitute Costs related to the Project), payments for taxes (excluding income taxes), insurance, consumables, advertising, marketing, payments under real property agreements pursuant to which the Authority has rights in the Project and the Authority System, payments pursuant to the agreements for the management, operation or maintenance of the Project and the Authority System, reasonable legal fees and expenses paid by the Authority in connection with the management, maintenance or operation of the Project and the Authority System, fees paid in connection with obtaining, transferring, maintaining or amending any approvals from any Governmental Authority, costs incurred in connection with the performance of environmental mitigation work to be carried out by the Authority, amounts required for the acquisition of any Qualified Hedge or for deposits into any account maintained in accordance with the General Trust Indenture for such purposes and reasonable general and administrative expenses, but exclusive in all cases of noncash charges, including depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature; (ii) fees and expenses under a Reimbursement Agreement or Credit Facility that are not reimbursements for draws under a Credit Facility and (iii) TIFIA Servicing Fees.

“General O&M Reserve Fund” means the General O&M Reserve Fund so designated and established and created by the General Trust Indenture.

“General O&M Reserve Fund Requirement” means an amount equal to the highest consecutive four months of budgeted General O&M Expenses for the current Fiscal Year as reflected in the Authority System Budget.

“General Reserve Fund” means the General Reserve Fund so designated and established and created by the General Trust Indenture.

“General Trust Indenture” or “Indenture” means the General Trust Indenture, dated as of December 1, 2013, and entered into between the Authority and the Trustee, as amended or supplemented from time to time.

“Ground Lease Agreements” means the ground lease agreements relating to certain properties that are a part of the System, between the Commonwealth, acting by and through its Governor and Finance and Administration Cabinet, and IFA, as amended and supplemented from time to time.

“Hedge Facility” means any payment agreement entered into by or for the Authority to effect any rate swap transaction, basis swap transaction, cap transaction, floor transaction, collar transaction, or similar transaction, which is intended to convert or limit the interest rate payable with respect to any Bonds, and which (i) is designated as a Hedge Facility to relate to all or part of one or more Series of Bonds; (ii) is with a Hedge Provider; and (iii) has a term not greater than the term of the designated Bonds or a specified date for mandatory tender or redemption of the designated Bonds.

“Hedge Payments” means the regularly scheduled payments to be paid to a Hedge Provider by the Authority under the terms of a Hedge Facility absent any termination, default or dispute in connection with that Hedge Facility.

“Hedge Provider” means an entity that is a party to a Hedge Facility with the Authority.

“Hedge Receipts” means regularly scheduled payments required to be paid to the Authority by a Hedge Provider under the terms of a Hedge Facility absent any termination, default or dispute in connection with that Hedge Facility.

“IFA” means the Indiana Finance Authority.

“INDOT” means the Indiana Department of Transportation.

“Insolvency Laws” means the United States Bankruptcy Code, 11 U.S.C. §101 et seq., as from time to time amended and in effect, and any state bankruptcy, insolvency, receivership or similar law now or hereafter in effect in the Commonwealth.

“Interlocal Agreement” means the Interlocal Cooperation Agreement for the Design, Procurement, Construction, Financing, Tolling, Operation and Maintenance for the Louisville-Southern Indiana Ohio River Bridges Project, effective as of December 17, 2012, among the Authority, the Transportation Cabinet, INDOT and IFA, as amended and supplemented from time to time.

“Investment Obligations” means any investment authorized by KRS 42.500, as amended; provided that for proceeds of Bonds deposited in a Project Fund, Investment Obligations means investments authorized by KRS 175B.075; provided further that, so long as any TIFIA Bonds are Outstanding, Investment Obligations shall be limited (to the extent permitted by KRS 42.500 or KRS 175B.075, as applicable) to the following:

- (a) Government Obligations;
- (b) certificates of deposit where the certificates are collaterally secured by securities of the type described in clause (a) of this definition and held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest, but this collateral is not required to the extent the certificates of deposit are insured by an agency of the United States of America;
- (c) repurchase agreements, when collateralized by securities of the type described in clause (a) of this definition and held by a third party as escrow agent or custodian, of a market value not less than the amount of the repurchase agreement so collateralized, including interest;
- (d) investment agreements or guaranteed investment contracts rated, or with any financial institution whose senior long-term debt obligations are rated, or guaranteed by a financial institution whose senior long-term debt obligations are rated, at the time such agreement or contract is entered into, in one of the two (2) highest rating categories for comparable types of obligations by any Rating Agency; and
- (e) money market funds that invest solely in obligations of the United States of America, its agencies and instrumentalities, and having a rating by a Rating Agency equal to the then applicable rating of the United States of America by such Rating Agency.

“Issue Date” means, with respect to Bonds of a particular Series, the date of the Bonds of such Series specified and determined by the Series Trust Indenture and Series Resolution authorizing such Bonds.

“Kroll” means Kroll Bond Rating Agency, LLC, and its successors, if any, and if that corporation shall no longer perform the functions of a securities rating agency, “Kroll” means any other nationally recognized securities rating agency (other than Moody’s, Fitch and S&P) designated by the Authority.

“Lease” or “Lease Agreement” means a Lease Agreement with the Authority, as lessor and the Transportation Cabinet, as lessee entered into in accordance with the Act and the Development Agreement, as amended and supplemented from time to time.

“Lease Payment Fund” means the Lease Payment Fund so designated and established and created by the General Trust Indenture.

“Lease Payments” means payments from the Transportation Cabinet to the Authority under a Lease Agreement.

“M&R Expenses” means lifecycle costs and/or capital costs necessary to continue to maintain the Authority System in good operating order and that are not normally recurring costs.

“M&R Reserve Fund” means the M&R Reserve Fund so designated and established and created by the General Trust Indenture.

“M&R Reserve Fund Requirement” means an amount determined by the Authority based on its projected long-term M&R Expense needs, in consultation with a Consulting Engineer.

“Maximum Annual Debt Service” means the maximum Annual Debt Service with respect to any Bonds for any Fiscal Year during the term of those Bonds.

“Moody’s” means Moody’s Investors Service, Inc., and its successors, if any, and if that corporation shall no longer perform the functions of a securities rating agency, “Moody’s” means any other nationally recognized securities rating agency (other than Kroll, Fitch and S&P) designated by the Authority.

“Outstanding” when used with reference to Bonds means, as of any date of determination, all Bonds that have been authenticated and delivered except: (a) Bonds that have been canceled by the Trustee or delivered to the Trustee for cancellation; (b) Bonds which are deemed paid and no longer Outstanding as provided in the General Trust Indenture; (c) Bonds in lieu of which other Bonds have been issued pursuant to the provisions of the General Trust Indenture relating to Bonds destroyed, stolen or lost; (d) after any tender date as may be provided for in the applicable Series Trust Indenture, any Bond held by a Bondholder who has given a tender notice or was required to tender that Bond in accordance with the provisions of the applicable Series Trust Indenture and which was not so tendered and for which sufficient funds for the payment of the purchase price of which have been deposited with the Trustee, or any tender agent appointed under the applicable Series Trust Indenture; and (e) for purposes of any consent or other action to be taken under the General Trust Indenture by the Holders of a specified percentage of principal amount of Bonds, Bonds held by or for the account of the Authority (unless all Bonds that would be “Outstanding” but for the provisions of this clause (e) are so held by or for the account of the Authority).

“Paying Agent” means any bank or trust company so designated, and its successor or successors hereafter appointed, as paying agent for the Bonds of any Series in the manner provided in the General Trust Indenture or any Series Trust Indenture.

“Pledged Receipts” means:

- (a) Authority System Revenue;
- (b) Hedge Receipts; and
- (c) Lease Payments (but only for application in accordance with the requirements of the General Trust Indenture for the Fund or Account into which any Lease Payment or portion thereof is deposited).

“Principal Installment” for any Fiscal Year means, as of any date of calculation and with respect to any Series so long as any Bonds thereof are Outstanding:

(a) the principal amount of the Outstanding Bonds of said Series which mature in such Fiscal Year, reduced by the aggregate principal amount of such Bonds which would before such Fiscal Year be retired by reason of the payment when due and application in accordance with the General Trust Indenture of Sinking Fund Installments for the retirement of such Bonds; plus

(b) the unsatisfied balance of the Sinking Fund Installment, if any, due during such Fiscal Year for the Bonds of such Series.

“Principal Installment Date” means, for each Series, the date upon which each Principal Installment on the Bonds of such Series shall be payable pursuant to a Series Trust Indenture.

“Project” means, collectively, the acquisition, construction, renovation, rehabilitation and equipping of (a) the Downtown Crossing and the Project Wide Costs, as defined in the Development Agreement, and (b) each Additional Project.

“Project Fund” means a Project Fund so designated and established for a Series of Bonds in accordance with the General Trust Indenture and a Series Trust Indenture.

“Projected Toll Rate Schedule” means the projection of future Tolls periodically prepared in accordance with the General Trust Indenture.

“Rating Agency” means Fitch, Kroll, Moody’s or S&P.

“Rebate Fund” means the Rebate Fund so designated and established and created by the General Trust Indenture for the purpose of complying with the provisions of Section 148 of the Code.

“Redemption Date” means the date set forth in a Series Trust Indenture on which Bonds of a Series authorized by such Series Trust Indenture may be called for redemption.

“Redemption Fund” means the Redemption Fund so designated and established and created by the General Trust Indenture.

“Redemption Price” means, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to any Series Trust Indenture pursuant to which the same was issued.

“Refunding Bonds” means all Bonds, whether issued in one or more Series, authenticated and delivered on original issuance pursuant to the General Trust Indenture in lieu of or in substitution for Bond Anticipation Obligations and Bonds theretofore issued by the Authority.

“Reimbursement Agreement” means, with respect to a Series of Bonds, any agreement or agreements relating to the issuance by the Credit Provider or Credit Providers of a letter of credit, in each case between a Credit Provider or Credit Providers and the Authority under or pursuant to which a Credit Facility for that Series of Bonds is issued that sets forth the obligations of the Authority to the Credit Provider or Credit Providers and the obligations of the Credit Provider or Credit Providers to the Authority, and any agreement that replaces a Reimbursement Agreement.

“Rent” means Rent as defined in the Lease Agreement.

“Responsible Officer” means, when used with respect to the Trustee, any vice president, assistant vice president, senior associate, associate or other officer of the Trustee within the corporate trust office specified in Section 1101 (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the corporate trust office specified in Section 1101 because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of the Indenture.

“S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and its successors, if any, and if that company shall no longer perform the functions of a securities rating agency, “S&P” means any other nationally recognized securities rating agency (other than Kroll, Fitch and Moody’s) designated by the Authority.

“Second Tier Bonds” means Bonds payable from and secured by the Second Tier Debt Service Account.

“Second Tier Common Debt Service Reserve Account” means the account of that name created in the Debt Service Fund.

“Second Tier Debt Service Account” means the account of that name created in the Debt Service Fund to secure payment of Second Tier Bonds.

“Second Tier Debt Service Reserve Accounts” means the Second Tier Common Debt Service Reserve Account and any Series Debt Service Reserve Account securing the payment of Second Tier Bonds.

“Section 129 Agreement” means the Agreement executed in July of 2012 by and among the Federal Highway Administration, the Transportation Cabinet, the Authority, INDOT and IFA, as amended and supplemented from time to time.

“Series” means all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction under a particular Series Trust Indenture, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the General Trust Indenture, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

“Series Debt Service Reserve Account” means an Account for a Series of Bonds so designated and established and created in accordance with the provisions of the General Trust Indenture and a Series Trust Indenture.

“Series of Bonds” or “Bonds of a Series” or words of similar import, means the Series of Bonds issued pursuant to a particular Series Trust Indenture.

“Series Resolution” means a resolution of the Authority authorizing the issuance of a Series of Bonds in accordance with the terms and provisions the General Trust Indenture, adopted by the Authority in accordance with the General Trust Indenture.

“Series Trust Indenture” means a trust indenture providing for the issuance of a particular Series of Bonds, including, with respect to TIFIA Bonds, the related TIFIA Loan Agreement.

“SIFMA Index” means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association (“SIFMA”) or any person acting in cooperation with or under the sponsorship of SIFMA, or if such index is no longer available “SIFMA Index” shall refer to a comparable index identified as being comparable by the Authority .

“Sinking Fund Installments” means the scheduled payments of installments of principal established for Bonds by redemption; and for any Fiscal Year, means as of any date of calculation and with respect to the Outstanding Bonds of any Series, the amount of money required by a Series Trust Indenture to be paid for the redemption of Bonds scheduled to occur in such Fiscal Year.

“Subordinate Bonds” shall mean any bond or bonds issued by the Authority pursuant to Section 205 of the General Trust Indenture and a Series Trust Indenture secured by the Pledged Receipts, including bonds issued to refund or advance refund any other obligations of the Authority and may include bonds, notes, certificates of indebtedness, installment sales contracts, capitalized leases, bond or grant anticipation notes, trust units, certificates of participation, or scheduled payments under a Credit Facility or Hedge Facility.

“Supplemental Trust Indenture” means any trust indenture supplemental to or amendatory of the General Trust Indenture or any Series Trust Indenture adopted by the Authority in accordance with Article VIII and Article IX.

“System” means the bridge and highway system identified as the Louisville-Southern Indiana Ohio River Bridges Project in the Development Agreement and any improvements or additions thereto, including any Additional Project.

“Tax-Advantaged Bonds” means any Bonds that are designated by the Authority as Bonds with respect to which the Authority is eligible to receive Federal Credit Payments or the holders of which are eligible to receive a federal tax credit under any federal subsidy or credit program available under the Code.

“Tax-Exempt Bonds” means any Bond the interest on which is excludable from gross income of the Beneficial Owner for purposes of federal income tax.

“Taxable Bonds” means Bonds, the interest on which is includable in gross income of the Bondholders thereof for purposes of federal income taxation.

“Third Tier Bonds” means Bonds payable from and secured by the Third Tier Debt Service Account.

“Third Tier Common Debt Service Reserve Account” means the account of that name created in the Debt Service Fund.

“Third Tier Debt Service Account” means the account of that name created in the Debt Service Fund to secure payment of Third Tier Bonds.

“Third Tier Debt Service Reserve Accounts” means the Third Tier Common Debt Service Reserve Account and any Series Debt Service Reserve Account securing the payment of Third Tier Bonds.

“Tier” means the level of security and pledge preference with respect to Pledged Receipts applicable to a Series of Bonds as provided in a Series Trust Indenture.

“TIFIA” means the Transportation Infrastructure Finance and Innovation Act of 1998, as amended, or any other legislation pursuant to which the United States provides loans or other forms of credit assistance similar to that available under TIFIA.

“TIFIA Bond” means any Bond that may be issued pursuant to a Series Trust Indenture to evidence a TIFIA Loan to the Authority. Except as otherwise provided in Section 1012, any TIFIA Bond shall be a Third Tier Bond.

“TIFIA Bondholder” means the United States Department of Transportation, acting by and through the Federal Highway Administrator, and its successors and assigns.

“TIFIA Loan” means the loan or credit support provided pursuant to a TIFIA Loan Agreement.

“TIFIA Loan Agreement” means a loan agreement or other agreement that shall be entered into by and between the TIFIA Bondholder and the Authority in the event the Authority issues a TIFIA Bond, as amended and supplemented from time to time.

“TIFIA Servicing Fees” means any fees payable to TIFIA under the TIFIA Loan Agreement.

“Toll Operator” means the toll operator selected to run the toll operations of the System.

“Toll Policy Agreement” means the Toll Policy Agreement relating to Tolls, among the Authority, the Transportation Cabinet, INDOT and IFA, as amended and supplemented from time to time.

“Toll Rate Resolution” means any resolution of the Tolling Body adopting a Toll Rate Schedule.

“Toll Rate Schedule” means the schedules of Tolls adopted from time to time by the Tolling Body by a Toll Rate Resolution or otherwise.

“Toll System Collection Expenses” means operation and maintenance expenses incurred by the Toll Operator that are allocable to the Authority under the Development Agreement and paid from toll revenues and other sources available to IFA and the Authority.

“Tolling Body” means the Tolling Body under the Toll Policy Agreement.

“Tolling O&M Reserve Fund” means the Tolling O&M Reserve Fund so designated and established and created by the General Trust Indenture.

“Tolling System Reserve Fund Requirement” means an amount equal to the budgeted Toll System Collection Expenses for the then current Fiscal Year as reflected in the Authority System Budget.

“Tolls” means all toll receipts payable to or collected by the Authority in respect of the System, as provided in the Development Agreement.

“Total System Expenses” means General O&M Expenses, M&R Expenses and Toll System Collection Expenses.

“Traffic and Revenue Report” means a report of the Traffic Consultant setting forth the estimated Authority Toll Revenue for the System or any part of the System that is payable to the Authority under the Development Agreement.

“Traffic Consultant” means any traffic and revenue consultant or firm of traffic and revenue consultants of national recognition with expertise and experience regarding the operation, management and financing of, and the collection of revenues from, bridges and toll roads, selected and employed by the Authority from time to time.

“Transportation Cabinet” means the Kentucky Transportation Cabinet acting by and through its Secretary or designee of its Secretary.

“Trust Estate” means all property, rights, and other assets from time to time granted and assigned to the Trustee under the Granting Clauses of the General Trust Indenture.

“Trustee” means The Bank of New York Mellon Trust Company, N.A. or any Trustee appointed pursuant to Section 1101, and its successor or successors, and any other corporation which may at any time be substituted in its place pursuant to the General Trust Indenture or a co-Trustee appointed for any Series Trust Indenture.

APPENDIX B

SUMMARY OF GENERAL TRUST INDENTURE

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The General Trust Indenture contains various covenants, security provisions, terms and conditions, certain of which are summarized below. The descriptions in this Appendix B do not purport to be comprehensive or definitive. Reference is made to the General Trust Indenture for a full and complete statement of its provisions. All references herein to the various financing documents are qualified in their entirety by reference to each such document, copies of which are available for review prior to the issuance and delivery of the Bonds at the offices of the Authority and thereafter at the offices of the Trustee.

AUTHORIZATION AND ISSUANCE OF BONDS

Authorization for Trust Indenture. The General Trust Indenture has been adopted pursuant to the Act and a resolution of the members of the Authority.

Authorization of Bonds. For the purpose of providing funds to finance or refinance Costs of the Project, Bonds of the Authority have been authorized to be issued from time to time without limitation as to amount except as provided in the General Trust Indenture and as may be limited by law, and such Bonds shall be issued subject to the terms, conditions and limitations established in the General Trust Indenture and in one or more Series Trust Indentures. No Bonds shall be issued secured by the Pledged Receipts or the Trust Estate except in accordance with the provisions of the General Trust Indenture. The Bonds have been authorized shall be special obligations of the Authority, payable only from revenues and funds specifically pledged by the Authority for the payment of the principal of or Redemption Price, and interest on said Bonds. The Bonds shall contain on their face a statement as required by KRS 175B.065 that neither the Commonwealth nor the Authority is obligated to pay the Bonds or the interest thereon except from the Pledged Receipts and that neither the faith and credit nor the taxing power of the Authority is pledged to the payment of the principal of or the interest on the Bonds.

Authorization for Bonds In Series; Contents of Series Trust Indentures. From time to time when authorized by the General Trust Indenture and subject to the terms, limitations and conditions established in the General Trust Indenture, the Authority may authorize the issuance of a Series of Bonds upon adoption of a Series Resolution and execution of a Series Trust Indenture, and the Bonds of any such Series may be issued and delivered upon compliance with the provisions of Article II (“Authorization and Issuance of Bonds”) and Article VIII (“Supplemental Trust Indentures”) of the General Trust Indenture. The Bonds of each Series shall bear the title “Kentucky Public Transportation Infrastructure Authority Toll Revenue Bonds (Downtown Crossing Project)” and, at the option of the Authority, such other designation as may be necessary to distinguish them from the Bonds of another Tier, Series and treatment for federal income tax purposes. Bonds of any Series may be authorized to be issued in the form provided by the Series Trust Indenture.

Conditions to Issuance of Bonds. The Authority has been authorized to issue Bonds in one or more Series upon satisfaction of the conditions set forth in Sections 202 (“Authorization of Bonds”) and 203 (“Authorization for Bonds in Series; Contents of Series Trust Indentures”) of the General Trust Indenture as well as the additional conditions set forth in the Section 204 (“Conditions to Issuance of Bonds”) of the General Trust Indenture.

The following conditions shall be met and complied with at the time of issuance of a Series of Bonds.

(a) The Trustee shall certify that, as of the date of issuance of the Series of Bonds, there is no deficiency in the Debt Service Fund and the Authority shall certify that no Default or Event of Default has occurred and is continuing, unless such Default or Event of Default will be cured by the issuance of the Series of Bonds; and

(b) Except for the issuance of Refunding Bonds which satisfy the test in Section 206 (“Provisions for Refunding Bonds”) of the General Trust Indenture, there shall be on file with the Trustee a certificate(s) or report(s) of the Traffic Consultant, Consulting Engineer and Transportation Cabinet, as applicable, evidencing that, based upon reasonable assumptions, after the issuance of the proposed Bonds, at least one of the following tests shall be satisfied with respect to the proposed Bonds:

(i) If the proposed Bonds are First Tier Bonds, there shall be on file with the Trustee:

(A) (1) a certificate of the Authority stating the Authority System Revenue for (i) the most recent Fiscal Year for which audited financial statements are available or (ii) any 12 consecutive month period in the immediately prior 18 months, and (2) a certificate of the Authority stating that the Authority System Revenue shown in the certificate of the Authority described in (1) above was at least equal to (i) 175% of the Maximum Annual Debt Service for all then-Outstanding First Tier Bonds, (ii) 150% of the Maximum Annual Debt Service for all then-Outstanding First Tier Bonds and Second Tier Bonds, (iii) 125% of the Maximum Annual Debt Service for all then-Outstanding First Tier Bonds, Second Tier Bonds and Third Tier Bonds, (iv) 110% of the Maximum Annual Debt Service for all then Outstanding First Tier Bonds, Second Tier Bonds, Third Tier Bonds and Subordinate Bonds, and (v) 100% of the aggregate amount of the required payments described in subsections (a) through (m) of Section 504 (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture in the applicable Fiscal Year (taking into account the First Tier Bonds proposed to be issued and excluding any Bonds being refunded); or

(B) (1) a certificate of the Traffic Consultant stating, based upon reasonable assumptions, the projected Authority Toll Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the additional First Tier Bonds, (2) a certificate of the Consulting Engineer stating, based upon reasonable assumptions, the projected Total System Expenses for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the additional First Tier Bonds, and (3) a certificate of the Authority stating that, based upon the information contained in the certificates described in (1) and (2) above, the projected Authority System Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the proposed First Tier Bonds will be equal to or greater than (i) 175% of Annual Debt Service on First Tier Bonds, (ii) 150% of Annual

Debt Service on First Tier Bonds and Second Tier Bonds, (iii) 125% of Annual Debt Service on First Tier Bonds, Second Tier Bonds and Third Tier Bonds, (iv) 110% of Annual Debt Service on First Tier Bonds, Second Tier Bonds, Third Tier Bonds and Subordinate Bonds, and (v) 100% of the aggregate amount of the required payments described in subsections (a) through (m) of Section 504 (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture in the applicable Fiscal Year (taking into account the First Tier Bonds proposed to be issued and excluding any Bonds being refunded).

(ii) If the proposed Bonds are Second Tier Bonds, there shall be on file with the Trustee:

(A) (1) a certificate of the Authority stating the Authority System Revenue for (i) the most recent Fiscal Year for which audited financial statements are available or (ii) any 12 consecutive month period in the immediately prior 18 months, and (2) a certificate of the Authority stating that the Authority System Revenue shown in the certificate of the Authority described in (1) above, was at least equal to (i) 150% of the Maximum Annual Debt Service for all then-Outstanding First Tier Bonds and Second Tier Bonds, (ii) 125% of the Maximum Annual Debt Service for all then-Outstanding First Tier Bonds, Second Tier Bonds and Third Tier Bonds, (iii) 110% of the Maximum Annual Debt Service for all then Outstanding First Tier Bonds, Second Tier Bonds, Third Tier Bonds and Subordinate Bonds, and (iv) 100% of the aggregate amount of the required payments described in subsections (a) through (m) of Section 504 (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture in the applicable Fiscal Year (taking into account the Second Tier Bonds proposed to be issued and excluding any Bonds being refunded); or

(B) (1) a certificate of the Traffic Consultant stating, based upon reasonable assumptions, the projected Authority Toll Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the additional First Tier Bonds, (2) a certificate of the Consulting Engineer stating, based upon reasonable assumptions, the projected Total System Expenses for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the additional Second Tier Bonds, and (3) a certificate of the Authority stating that, based upon the information contained in the certificates described in (1) and (2) above, the projected Authority System Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the proposed Second Tier Bonds will be equal to or greater than (i) 150% of Annual Debt Service on First Tier Bonds and Second Tier Bonds, (ii) 125% of Annual Debt Service on First Tier Bonds, Second Tier Bonds and Third Tier Bonds, (iii) 110% of Annual Debt Service on First Tier Bonds, Second Tier Bonds, Third Tier Bonds and Subordinate

Bonds, and (iv) 100% of the aggregate amount of the required payments described in subsections (a) through (m) of Section 504 (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture in the applicable Fiscal Year (taking into account the Second Tier Bonds proposed to be issued and excluding any Bonds being refunded).

(iii) If the proposed Bonds are Third Tier Bonds, there shall be on file with the Trustee:

(A) (1) a certificate of the Authority stating the Authority System Revenue for (i) the most recent Fiscal Year for which audited financial statements are available or (ii) any 12 consecutive month period in the immediately prior 18 months, and (2) a certificate of the Authority stating that the Authority System Revenue shown in the certificate of the Authority described in (1) above, was at least equal to (i) 125% of the Maximum Annual Debt Service for all then-Outstanding First Tier Bonds, Second Tier Bonds and Third Tier Bonds, (ii) 110% of the Maximum Annual Debt Service for all then Outstanding First Tier Bonds, Second Tier Bonds, Third Tier Bonds and Subordinate Bonds, and (iii) 100% of the aggregate amount of the required payments described in subsections (a) through (m) of Section 504 (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture in the applicable Fiscal Year (taking into account the Third Tier Bonds proposed to be issued and excluding any Bonds being refunded); or

(B) (1) a certificate of the Traffic Consultant stating, based upon reasonable assumptions, the projected Authority Toll Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the additional Third Tier Bonds, (2) a certificate of the Consulting Engineer stating, based upon reasonable assumptions, the projected Total System Expenses for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the additional Third Tier Bonds, and (3) a certificate of the Authority stating that, based upon the information contained in the certificates described in (1) and (2) above, the projected Authority System Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the proposed Third Tier Bonds will be equal to or greater than (i) 125% of Annual Debt Service on First Tier Bonds, Second Tier Bonds and Third Tier Bonds, (ii) 110% of Annual Debt Service on First Tier Bonds, Second Tier Bonds, Third Tier Bonds and Subordinate Bonds, and (iii) 100% of the aggregate amount of the required payments described in subsections (a) through (m) of Section 504 (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture in the applicable Fiscal Year (taking into account the Third Tier Bonds proposed to be issued and excluding any Bonds being refunded).

(iv) If the proposed Bonds are Completion Bonds, there shall be on file with the Trustee:

(A) a certificate of the Authority stating that the principal amount of such Completion Bonds does not exceed 10% of the aggregate principal amount of Bonds originally issued to finance the Project or the Additional Project, as applicable;

(B) a certificate of the Consulting Engineer setting forth the amount estimated to be needed to complete the Project to be financed with the Completion Bonds; and

(C) a certificate of the Authority stating that issuance of the Completion Bonds is necessary for the completion of the Project identified in the certificate delivered pursuant to (B) above, and that the proceeds of the Completion Bonds, together with other funds available therefor, will provide sufficient money for the completion of that Project.

(v) If the proposed Bonds are Emergency Repair Bonds, there shall be on file with the Trustee a certificate of (A) the Consulting Engineer stating that (1) the Costs for which those Emergency Repair Bonds are to be issued are necessary to restore a portion of the Authority System to a safe operating condition, and (2) the net proceeds of those Emergency Repair Bonds are not in excess of the amount necessary to pay the Costs of the emergency repairs and (B) of the Transportation Cabinet that funds are otherwise not available to the Transportation Cabinet or the Authority to pay the Costs of the Emergency Repairs.

(vi) When (i) Bonds are to be issued after the date that an Authorized Officer notifies the Trustee in writing that an Additional Project has been or will be added to the Authority System and (ii) the Authority System Revenue is not sufficient to satisfy the requirements of subsection (b)(i)(A), (b)(ii)(A) or (b)(iii)(A) above, as applicable, then the certificate of the Traffic Consultant set forth in subsection (b)(i)(B)(1), (b)(ii)(B)(1) or (b)(iii)(B)(1) above, as applicable, may include the Authority Toll Revenue projected to result from such Additional Project. In addition, prior to the issuance of Bonds to pay the Costs of an Additional Project, the Authority shall deliver to the Trustee an amendment or supplement to the Lease Agreement providing that the Additional Project will be subject to the Lease Agreement under the same terms and conditions as the then existing Project.

(vii) If the proposed Bonds are to bear interest payable pursuant to a variable interest rate, so long as TIFIA Bonds are Outstanding, the requirements of the TIFIA Loan Agreement related to variable interest rate indebtedness shall be satisfied.

Conditions to Issuance of Subordinate Bonds and Bond Anticipation Obligations. The Authority has been authorized to issue Subordinate Bonds for any Project upon satisfaction of the conditions set forth in Sections 202 ("Authorization of Bonds") and 203 ("Authorization For

Bonds In Series; Contents of Series Trust Indentures”) of the General Trust Indenture as well as the additional conditions set forth in Section 205 (“Conditions to Issuance of Subordinate Bonds and Bond Anticipation Obligations”) of the General Trust Indenture.

Subordinate Bonds shall only be issued under the General Trust Indenture if (i) the Series Trust Indenture authorizing the issuance of such Subordinate Bonds expressly provides that such Subordinate Bonds are secured by the Trust Estate on a basis subordinate and inferior to the pledges made to the Holders of First Tier Bonds, Second Tier Bonds and Third Tier Bonds, (ii) no Default or Event of Default under the General Trust Indenture shall have occurred and be continuing, unless such Default or Event of Default will be cured by the issuance of such Series of Subordinate Bonds, and (iii) there shall have been first delivered to the Trustee (A) a certificate setting forth the Authority System Revenue for the most recent Fiscal Year for which audited financial statements are available or any 12 consecutive month period in the immediately prior 18 months, and (B) a certificate of the Authority demonstrating that the Authority System Revenue shown in the certificate of the Authority described in (A) above, was at least equal to (i) 110% of the Maximum Annual Debt Service for all then Outstanding First Tier Bonds, Second Tier Bonds and Third Tier Bonds and Subordinate Bonds (taking into account the Subordinate Bonds proposed to be issued and excluding any Bonds being refunded) and (ii) 100% of the aggregate amount of the required payments described in subsections (a) through (m) of Section 504 (“Application of Amounts in the Authority System Revenue Fund) of the General Trust Indenture in the applicable Fiscal Year. Each Series of Subordinate Bonds issued under authority of Section 205 (“Conditions to Issuance of Subordinate Bonds and Bond Anticipation Obligations”) of the General Trust Indenture shall state on their face that such Series of Subordinate Bonds is being issued on a basis subordinate and inferior as to the pledge of Pledged Receipts to all Outstanding First Tier Bonds, Second Tier Bonds and Third Tier Bonds and all Series of First Tier Bonds, Second Tier Bonds and Third Tier Bonds which may thereafter be issued in compliance with the General Trust Indenture.

No payment on Subordinate Bonds shall be made from the Trust Estate during any period in which any Event of Default under Section 1002(a), (b) or (c) (“Events of Default”) of the General Trust Indenture shall have occurred and be continuing.

Notwithstanding any provision of Section 204 (“Conditions to Issuance of Bonds”) of the General Trust Indenture, and as additional authority, whenever the Authority shall have authorized or made provision for the issuance of a Series of Bonds that satisfies the requirements of Section 204 (“Conditions to Issuance of Bonds”) of the General Trust Indenture, the Authority may by resolution authorize the issuance of Bond Anticipation Obligations in a principal amount not exceeding the principal amount of such Series. Upon the issuance of Bond Anticipation Obligations in compliance with the provisions of this paragraph, proceeds of the Series of Bonds in anticipation of which such Bond Anticipation Obligations are issued may be pledged for the payment of the principal of such Bond Anticipation Obligations and any such pledge shall have priority over any other pledge created by the General Trust Indenture or any Series Trust Indenture. Furthermore, the Series Trust Indenture authorizing the issuance of such Bond Anticipation Obligations may provide that such Bond Anticipation Obligations are secured by the Trust Estate on a basis subordinate and inferior to the pledges made to the Holders of Outstanding Bonds without meeting the requirements of clause (iii) in the first paragraph of this Section. The proceeds of sale of such Bond Anticipation Obligations shall be applied to the purposes for which the related Series of Bonds are authorized, and, if the resolution or resolutions authorizing such Bond Anticipation Obligations so provides, to the payment of

interest and other costs in connection with the sale and issuance of such Bond Anticipation Obligations.

Provisions for Refunding Bonds.

(a) One or more Series of Refunding Bonds may be authenticated and delivered to refund all Outstanding Bonds or any Series of Outstanding Bonds or any part of one or more Series of Outstanding Bonds or any other bonds or obligations of the Authority. If a Series of Refunding Bonds are being issued for the purpose of refunding all or a portion of one or more Series of Bonds of the same Tier as the Series of Refunding Bonds to be issued, or a senior Tier (i.e., the number of the Tier of the Series of Refunding Bonds is equal to or greater than the number of the Tier of the Bonds to be refunded), the Authority shall deliver to the Trustee evidence that the Annual Debt Service (taking into account the issuance of the proposed Bonds, but excluding the Bonds to be refunded with the proceeds of the proposed Refunding Bonds) will not increase by more than \$5,000 in any Fiscal Year through the last scheduled maturity of Outstanding Bonds following the issuance of the Series of Refunding Bonds. Any Series of Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of the Act, Section 206 (“Provisions for Refunding Bonds”) of the General Trust Indenture and of the Series Resolution and Series Trust Indenture authorizing said Series of Refunding Bonds.

A Series of Refunding Bonds may be issued without meeting the requirements of the preceding paragraph so long as the requirements of Section 204 (“Conditions to Issuance of Bonds”) of the General Trust Indenture are satisfied.

(b) The Bonds of the Series of Refunding Bonds may be authenticated and delivered only upon receipt by the Trustee (in addition to the receipt by it of the documents required by Article II (“Authorization and Issuance of Bonds”) of the General Trust Indenture) of:

(i) irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on the Redemption Date specified in such instructions;

(ii) instructions to the Trustee, satisfactory to it to provide the notice as required in Section 603 (“Notice of Redemption”) of the General Trust Indenture to the Holders of Outstanding Bonds being refunded;

(iii) Either:

(A) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the Redemption Date, shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for the payment of the Bonds being refunded, or

(B) Defeasance Obligations in such principal amounts, having such maturities, bearing such interest, and otherwise having such terms

and qualifications as shall be necessary to comply with the provisions of subsection (b) of Section 1201 (“Defeasance”) of the General Trust Indenture and any moneys required pursuant to said subsection (with respect to all Outstanding Bonds or any part of one or more Series of Outstanding Bonds being refunded) shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust and used only as provided in said subsection; and

(iv) A certificate of an Authorized Officer containing such additional statements as may be reasonably necessary to show compliance with the requirements of this subsection, and the Trustee shall be entitled to rely on such certificate.

(c) The Trustee shall furnish to the Authority at the time and delivery of the Series of Refunding Bonds a certificate stating that it holds in trust the moneys and/or Defeasance Obligations required to effect such redemption on the date specified in such certificate, which moneys and/or Defeasance Obligations have been determined to be sufficient to effect the redemption at the stated time and prices as set forth in a verification report.

(d) Any balance of the proceeds of the Bonds of each such Series shall be deposited in such Funds or Accounts as shall be specified in a certificate of an Authorized Officer specifying such deposits.

(e) Any moneys received from any source upon the condition that the Authority use such moneys for the redemption of any Outstanding Bonds shall be deemed to be and treated as the proceeds of a Series of Refunding Bonds and the Authority shall deliver to the Trustee the documents and moneys or obligations required by the provisions of subsections (i), (ii) and (iii) of subsection (b) of Section 206 (“Provisions for Refunding Bonds”) of the General Trust Indenture and shall do all other acts and things necessary to accomplish the redemption of such Bonds, in accordance with applicable provisions described above.

ESTABLISHMENT OF FUNDS AND ACCOUNTS; APPLICATION OF PLEDGED RECEIPTS

The Pledge Effected By The General Trust Indenture. Subject to the Granting Clauses,

(a) There has been pledged for the payment of the principal of, interest on, Redemption Price of, and purchase price of the Bonds, and obligations due under Credit Facilities, Reimbursement Agreements and Hedge Facilities, in accordance with their terms and the provisions of the General Trust Indenture subject only to the provisions of the General Trust Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth in the General Trust Indenture, (i) the proceeds of sale of the Bonds to the extent not required to be utilized for payment of Bond Anticipation Obligations or otherwise as provided in the General Trust Indenture, (ii) Investment Obligations acquired from Bond proceeds or by application of moneys in Funds and Accounts (subject to the limitations of (iv) below), (iii) the Pledged Receipts, (iv) all Funds and Accounts created and established pursuant to the General Trust

Indenture and any Series Trust Indenture, except for the Rebate Fund, the General O&M Reserve Fund, the M&R Reserve Fund, the Tolling O&M Reserve Fund and the General Reserve Fund, (v) amounts paid to or for the Authority pursuant to any Credit Facility, and (vi) such other funds and moneys, including Federal Credit Payments, as are pledged to the payment of Bonds or a Series of Bonds under the provisions of any Series Trust Indenture.

(b) Except as otherwise provided for in Section 1012 (“TIFIA Bond Default Remedy”) of the General Trust Indenture or in a Series Trust Indenture, all Bonds issued under the General Trust Indenture and at any time Outstanding shall be equally and ratably secured, with the same right, pledge and preference with all other Outstanding Bonds of the same Tier, without preference, priority or distinction on account of the date or dates or the actual time or times of the issuance or maturity of the Bonds of the same Tier. Bonds issued under the General Trust Indenture shall have a right, pledge and preference to payment from Pledged Receipts in the following order of priority: (1) First Tier Bonds; (2) Second Tier Bonds; and (3) Third Tier Bonds. Section 1012 (“TIFIA Bond Default Remedy”) of the General Trust Indenture describes the circumstances under which TIFIA Bonds will be deemed to be and will automatically become First Tier Bonds. Subordinate Bonds issued under the General Trust Indenture shall have rights, pledges and preferences to payment from Pledged Receipts that are subordinate to First Tier Bonds, Second Tier Bonds and Third Tier Bonds. The fees and expenses under a Reimbursement Agreement or Credit Facility that are not reimbursements of draws under the Credit Facilities shall be payable as General O&M Expenses and Hedge Termination Payments shall be secured solely from the General Reserve Fund. Nothing in the General Trust Indenture shall be construed to preclude the creation of separate reserve funds or the obtaining of separate surety bonds, insurance policies and other Credit Facilities and Hedge Facilities for any Series of Bonds in accordance with the terms of the General Trust Indenture, which may or may not be pledged to the payment of other Series of Bonds.

(c) Except as otherwise provided for in Section 1012 (“TIFIA Bond Default Remedy”) of the General Trust Indenture, all Bonds of a particular Series shall in all respects be equally and ratably secured and shall have the same right and pledge preference established for the benefit of that Series of Bonds, including, without limitation, rights to the Funds and Accounts securing payment of that Series of Bonds. Amounts drawn under a Credit Facility and Hedge Payments with respect to a particular Series and all other amounts held in accounts established with respect to that Series pursuant to the provisions of the General Trust Indenture and the Series Resolution and Series Trust Indenture providing for the terms of that Series shall be applied solely to make payments on that Series of Bonds.

(d) The proceeds of the Bonds, the Investment Obligations, the Pledged Receipts and all Funds and Accounts created and established pursuant to the General Trust Indenture and any Series Trust Indenture, except as provided in subsection (a) above, and moneys and securities therein, have been pledged, as well as other funds and moneys pledged pursuant to Series Trust Indentures, including Federal Credit Payments, shall immediately be subject to the lien of the pledge of Section 501 (“The Pledge Effected by the General Trust Indenture”) of the General Trust Indenture without any physical delivery thereof or further act, and the lien of said pledge shall be valid and

binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof.

Notwithstanding the pledges set forth in the General Trust Indenture, only Pledged Receipts that are not Federal Credit Payments shall be applied to the payment of the principal of or interest on TIFIA Bonds.

Nothing contained in the General Trust Indenture shall prevent the Authority from issuing additional obligations in accordance with the requirements described above under “Conditions to Issuance of Subordinate Bonds and Bond Anticipation Obligations,” with a pledge position that is subordinate to the pledge position of the Third Tier Bonds.

In accordance with the requirements of the Development Agreement, it has been acknowledged that no amounts of principal and interest on the Bonds are payable from the Indiana Revenue Share, as defined in the Development Agreement.

Establishment of Funds and Accounts. The Authority under the terms of the General Trust Indenture upon the effective date of the General Trust Indenture has formally established and affirmed, separate and apart from all other funds and accounts of the Authority, the following special trust funds and the following Accounts within such Funds:

- (a) Authority System Revenue Fund, to be held by the Trustee
- (b) Project Funds, to be held by the Authority
- (c) Cost of Issuance Fund, to be held by the Trustee
- (d) Debt Service Fund, to be held by the Trustee
 - (i) First Tier Debt Service Account
 - (ii) First Tier Common Debt Service Reserve Account and within such Account, a “Proceeds Subaccount” and a “Revenue Subaccount”
 - (iii) Second Tier Debt Service Account
 - (iv) Second Tier Common Debt Service Reserve Account
 - (v) Third Tier Debt Service Account and a TIFIA Bonds subaccount and Non TIFIA Bonds subaccount thereof
 - (vi) Third Tier Common Debt Service Reserve Account
- (e) Redemption Fund, to be held by the Trustee
- (f) Tolling O&M Reserve Fund, to be held by the Trustee
- (g) General O&M Reserve Fund, to be held by the Trustee
- (h) M&R Reserve Fund, to be held by the Trustee
- (i) Lease Payment Fund, to be held by the Trustee
- (j) General Reserve Fund, to be held by the Trustee
- (k) Rebate Fund, to be held by the Trustee
- (l) Such other Funds and Accounts as are created by a Series Trust Indenture not inconsistent with the requirements of the General Trust Indenture, including without limitation a Series Debt Service Reserve Account and Funds and Accounts relating to the purchase and payment of Bonds secured by Credit Facilities.

Each of the above Funds and Accounts, in addition to other Accounts from time to time established, shall be held and maintained by the Trustee or the Authority, as applicable, pursuant to the provisions of the General Trust Indenture and any Series Trust Indenture.

Deposit and Application of Funds. Pledged Receipts and other moneys received by the Authority shall be deposited in the Funds and Accounts, as follows:

(a) Except as provided in Subsections (b), (c), (d), (e) and (f) below or not otherwise required to be deposited in another Fund or Account by the terms of the General Trust Indenture, all Pledged Receipts and other moneys received by the Authority shall be deposited in the Authority System Revenue Fund.

(b) Rent received with respect to the Tolling O&M Reserve Fund Requirement under Section 4.02(i) ("Rent") of the Lease Agreement shall be deposited, when received, in the Tolling O&M Reserve Fund.

(c) Rent received with respect to the General O&M Reserve Fund Requirement under Section 4.02(ii) ("Rent") of the Lease Agreement shall be deposited, when received, in the General O&M Reserve Fund.

(d) Rent received with respect to the M&R Reserve Fund Requirement under Section 4.02(iii) ("Rent") of the Lease Agreement shall be deposited, when received, in the M&R Reserve Fund.

(e) Investment earnings from the investment of moneys in any Fund and Account shall be transferred to the Authority System Revenue Fund; provided that (i) investment earnings from the investment of moneys in a Project Fund and the Rebate Fund shall be deemed at all times to be a part of such Funds and the income or interest earned, gains realized or losses suffered by such Funds due to the investment thereof shall be retained in, credited or charged thereto as the case may be and (ii) amounts required to be transferred to the Rebate Fund shall be transferred thereto at the times and in the amounts, from the applicable Funds or Accounts, to comply with the requirements of the Code; provided that earnings on any Fund created for the payment of capitalized interest may be retained in such Fund, or as otherwise provided in a Series Trust Indenture and earnings on a Debt Service Reserve Account may be applied as otherwise provided in the Series Trust Indenture creating that Debt Service Reserve Account.

(f) Pledged Receipts and amounts to be deposited in Funds and Accounts created by a Series Trust Indenture, including Federal Credit Payments, may be deposited and transferred in accordance with the requirements of such Series Trust Indenture.

(g) Amounts in the Tolling O&M Reserve Fund, the General O&M Reserve Fund, the M&R Reserve Fund and the General Reserve Fund (subject to the requirements regarding transfers set forth in Sections 509 ("Tolling O&M Reserve Fund") of the General Trust Indenture, 510 ("General O&M Reserve Fund") of the General Trust Indenture, 511 ("M&R Reserve Fund") of the General Trust Indenture and 513 ("General Reserve Fund") of the General Trust Indenture, respectively) shall be transferred to the Debt Service Fund.

Application of Amounts in the Authority System Revenue Fund. Amounts in the Authority System Revenue Fund shall be applied on the 25th day of each month (or, if such 25th day is not a Business Day, on the next Business Day) solely for the purposes, in the amounts, and at the times set forth in this Section. The Trustee shall make payments and transfer to reserve funds, as applicable, in the order of priority set forth below, but as to each purpose, only within

the limitations with respect thereto and only after payment has been brought current for every preceding purpose described in the following listing. To the extent that amounts available in the Authority System Revenue Fund are sufficient only to partially provide for one of the purposes described in (a) - (f), the available amount shall be allocated on a pro rata basis among the Series of Bonds in the applicable Tier. For purposes of this Section, Accreted Value shall be treated as “principal” in the amount of incremental Accreted Value accrued since the most recent allocation of an amount of Accreted Value as principal. With respect to individual Series of Bonds, each related Series Trust Indenture shall specify the month in which the deposits required by this Section into the respective Debt Service Accounts are to commence.

(a) To the First Tier Debt Service Account, the following amounts with respect to each Series of First Tier Bonds, taking into account amounts already on deposit therein:

(i) If interest (or Hedge Payments) on the Series of First Tier Bonds is payable monthly, an amount equal to the interest (or Hedge Payments) coming due on that Series of First Tier Bonds on the next succeeding Bond Interest Payment Date for that Series;

(ii) If interest (or Hedge Payments) on the Series of First Tier Bonds is payable other than monthly, an amount equal to the amount of interest coming due on that Series of First Tier Bonds on the next Bond Interest Payment Date divided by the number of months to and including such Bond Interest Payment Date (for example, if interest is payable semiannually, 1/6th of the next interest payment shall be deposited each month beginning in the month that the preceding Bond Interest Payment Date occurred); and

(iii) The principal of the Series of First Tier Bonds coming due on the next date for payment of principal of that Series of First Tier Bonds divided by the number of months to and including such principal payment date (for example, if principal is payable annually, 1/12th of the next principal payment shall be deposited each month beginning in the month that the preceding Bond Principal Payment Date occurred); provided that required deposits with respect to a Balloon Maturity shall be adjusted as provided under the definition of Annual Debt Service and no such deposits shall be required for Bond Anticipation Obligations; provided that, upon and during the continuance of a Bankruptcy Related Event, references to First Tier in this paragraph shall also include Third Tier (with respect to TIFIA Bonds only) so that amounts in the Authority System Revenue Fund will be applied to TIFIA Bonds in the same manner as First Tier Bonds, as if TIFIA Bonds were First Tier Bonds.

(b) In priority order, first in the Proceeds Subaccount of the First Tier Common Debt Service Reserve Account and in the Revenue Subaccount of the First Tier Common Debt Service Reserve Account (if any) and second in each Series Debt Service Reserve Account, the amount necessary to cause the amount on deposit therein to equal the applicable reserve requirement, or to reimburse a Credit Provider solely for a draw on a Credit Facility for draws made to pay principal and interest (and not Excess Credit Facility Amounts) on related Bonds; provided that,

(i) such amount shall be deposited in 12 equal, consecutive, monthly installments, the first such installment to be due in the calendar month next succeeding the month in which a deficiency arose; and

(ii) from and after the occurrence of a Bankruptcy Related Event affecting the Authority (as further described in Series Trust Indenture, Number 2021-1 (the “Series Indenture”)), if both a Debt Service Reserve Requirement and a TIFIA Bonds Debt Service Reserve Requirement (each as defined in the Series Indenture) apply, the amount to be deposited in each Subaccount shall be on a proportionate basis (in no priority order), with funds to be deposited in each Subaccount determined, as of the date of a transfer, by the deficiency for each Subaccount (“deficiency” being the difference between the amount on the deposit in the respective Subaccount and the reserve requirement (Debt Service Reserve Requirement or TIFIA Bond Debt Service Reserve Requirement) for that Subaccount); and

(iii) if a Subaccount of the First Tier Common Debt Service Reserve Account is funded, in whole or in part, with a Credit Facility, amounts may be applied to the reimbursement of draws on the Credit Facility to pay principal and interest (and not Excess Credit Facility Amounts) on First Tier Bonds or TIFIA Bonds, as applicable

(c) To the Second Tier Debt Service Account, the following amounts with respect to each Series of Second Tier Bonds, taking into account amounts already on deposit therein:

(i) If interest (or Hedge Payments) on the Series of Second Tier Bonds is payable monthly, an amount equal to the interest (or Hedge Payments) coming due on that Series of Second Tier Bonds on the next succeeding Bond Interest Payment Date for that Series;

(ii) If interest (or Hedge Payments) on the Series of Second Tier Bonds is payable other than monthly, an amount equal to the amount of interest coming due on that Series of Second Tier Bonds on the next Bond Interest Payment Date divided by the number of months to and including such Bond Interest Payment Date; and

(iii) The principal of the Series of Second Tier Bonds coming due on the next date for payment of principal of that Series of Second Tier Bonds divided by the number of months to and including such principal payment date); provided that required deposits with respect to a Balloon Maturity shall be adjusted as provided under the definition of Annual Debt Service and no such deposits shall be required for Bond Anticipation Obligations.

(d) To the Second Tier Debt Service Reserve Accounts, the amount necessary to cause the amount, if any, on deposit therein to equal the applicable Debt Service Reserve Requirement, or to reimburse a Credit Provider solely for a draw on a Credit Facility that is reimbursement for draws made to pay principal and interest on Second Tier Bonds; provided that such amount shall be deposited in 12 equal, consecutive,

monthly installments, the first such installment to be due in the calendar month next succeeding the month in which the applicable deficiency arose. If in any month amounts are not available in the Authority System Revenue Fund to make such deposit, the Trustee shall so notify the Transportation Cabinet.

(e) To the Third Tier Debt Service Account and to the TIFIA Bonds subaccount and Non TIFIA Bonds subaccount, as applicable, the following amounts with respect to each Series of Third Tier Bonds, taking into account amounts already on deposit therein:

(i) If interest (or Hedge Payments) on the Series of Third Tier Bonds is payable monthly, an amount equal to the interest (or Hedge Payments) coming due on that Series of Third Tier Bonds on the next succeeding Bond Interest Payment Date for that Series;

(ii) If interest (or Hedge Payments) on the Series of Third Tier Bonds is payable other than monthly, an amount equal to the amount of interest coming due on that Series of Third Tier Bonds on the next Bond Interest Payment Date divided by the number of months to and including such Bond Interest Payment Date; and

(iii) The principal of the Series of Third Tier Bonds coming due on the next date for payment of principal of that Series of Third Tier Bonds divided by the number of months to and including such principal payment date); provided that required deposits with respect to a Balloon Maturity shall be adjusted as provided under the definition of Annual Debt Service and no such deposits shall be required for Bond Anticipation Obligations;

provided further that, only Pledged Receipts that are not Federal Credit Payments shall be deposited in the TIFIA Bonds subaccount and applied to the payment of the principal of or interest on TIFIA Bonds.

(f) To the Third Tier Debt Service Reserve Accounts, the amount necessary to cause the amount, if any, on deposit therein to equal the applicable Debt Service Reserve Requirement, or to reimburse a Credit Provider for a draw on a Credit Facility that is reimbursement solely for draws made to pay principal and interest on Third Tier Bonds; provided that such amount shall be deposited in 12 equal, consecutive, monthly installments, the first such installment to be due in the calendar month next succeeding the month in which the applicable deficiency arose. If in any month amounts are not available in the Authority System Revenue Fund to make such deposit, the Trustee shall so notify the Transportation Cabinet; provided that, after a Bankruptcy Related Event in accordance with Section 1012 of the General Trust Indenture, unless a deposit in the Third Tier Debt Service Reserve Account is required to reimburse a Credit Provider for a draw on a Credit Facility for payment of principal and interest on Third Tier Bonds, no further deposits shall be made to a Third Tier Debt Service Reserve Account established for the purpose of paying the principal of and interest on TIFIA Bonds.

(g) To the payment of Excess Credit Facility Amounts due with respect to a Credit Facility related to First Tier Bonds.

(h) To the payment of Excess Credit Facility Amounts due with respect to a Credit Facility related to Second Tier Bonds.

(i) To the payment of Excess Credit Facility Amounts due with respect to a Credit Facility related to Third Tier Bonds.

(j) To the Tolling O&M Reserve Fund, an amount necessary to maintain a balance therein equal to the amount described in "Tolling O&M Reserve Fund" herein.

(k) To the General O&M Reserve Fund, an amount necessary to maintain a balance therein equal to the amount described in "General O&M Reserve Fund" herein.

(l) To the M&R Reserve Fund, an amount necessary to maintain a balance therein equal to the amount described in "M&R Reserve Fund" herein.

(m) To the Lease Payment Fund, the amount, if any, required to fund or repay Lease Payments, as provided in each Lease Agreement then in force and effect.

(n) To the General Reserve Fund, all remaining amounts.

Cost of Issuance Fund. The Trustee has established and created a Cost of Issuance Fund for each Series of Bonds and shall identify each such separate Fund by inserting in the designation therefor the year, letter or other designation of the Bonds of such Series. There shall be deposited from time to time in the Cost of Issuance Fund established for each Series the amount of moneys necessary to pay the Costs of Issuance of such Series specified and determined in the Series Trust Indenture authorizing the issuance of such Series. The Trustee shall from time to time pay out moneys from the Cost of Issuance Fund to pay any Costs of Issuance, free and clear of any lien or pledge or assignment in trust created by Article V ("Establishment of Funds and Accounts; Application of Pledged Receipts") of the General Trust Indenture, for the purpose of paying in the manner authorized in the General Trust Indenture any Costs of Issuance of the Series for which such Fund was established. The Trustee shall keep and maintain complete and detailed records with respect to each Cost of Issuance Fund, which shall include a separate accounting with respect to funds and moneys in each Cost of Issuance Fund.

At such time as all moneys due to be disbursed from a Cost of Issuance Fund have been so disbursed and paid, and the Trustee has received a certificate executed by an Authorized Officer of the Authority to such effect, any balance in such Fund shall be transferred by the Trustee to the Account of the Redemption Fund or the Account of the Debt Service Fund established for the Series of Bonds issued to fund such Account, as directed by an Authorized Officer.

Project Fund.

(a) The Authority has established and created a Project Fund for each Series of Bonds, which may be a single Project Fund for Bonds issued on the same date, and shall identify each such separate Fund by inserting in the designation therefor the year, letter or other designation of the Bonds of such Series. Each Project Fund shall be held by the Authority in accordance with the provisions of KRS Section 175B.075.

(b) Moneys credited to a Project Fund shall be expended only for the purpose of paying Costs of the Project, subject to the provisions and restrictions of this Section and the particular Series Trust Indenture. The Authority shall from time to time pay out moneys from a Project Fund to pay any Costs of the Project, free and clear of any lien or pledge or assignment in trust created by the General Trust Indenture, for the purpose of paying in the manner authorized in the General Trust Indenture any Costs of the Project:

(c) The Authority shall keep and maintain complete and detailed records with respect to each Project Fund.

(d) The Authority shall invest and reinvest the moneys in a Project Fund as provided in Section 515 ("Investment of Funds") of the General Trust Indenture. All Investment Obligations purchased shall be held by the Authority and shall be deemed at all times to be part of the applicable Project Fund.

Debt Service Fund. There shall be deposited in the Debt Service Fund the amounts required by Sections 503 ("Deposit and Application of Funds"), 504 ("Application of Amounts in the Authority System Revenue Fund"), 505 ("Cost of Issuance Fund"), 509 ("Tolling O&M Reserve Fund"), 510 ("General O&M Reserve Fund"), 511 ("M&R Reserve Fund"), 512 ("Lease Payment Fund"), 513 ("General Reserve Fund") and 515 ("Investment of Funds") of the General Trust Indenture.

(a) First Tier Debt Service Account.

(i) Amounts in the First Tier Debt Service Account shall be used to pay the principal of and interest on the First Tier Bonds (or Hedge Payments, as applicable) when due in accordance with the terms of the related Series Trust Indenture, subject to the limitations on the use of amounts in the First Tier Debt Service Reserve Account set forth in paragraph (b)(ii) below. However, if so provided in the Series Trust Indenture creating a Series of First Tier Bonds, while there is a Credit Facility in effect with respect to that Series of First Tier Bonds, amounts in the First Tier Debt Service Account may be used to reimburse the Credit Provider of that Credit Facility for interest, principal or Redemption Price, respectively, made to Holders of those First Tier Bonds with funds provided by that Credit Provider to the extent that those reimbursement obligations of the Authority are secured as First Tier Bonds by the General Trust Indenture. Amounts in the First Tier Debt Service Account shall be pledged to Holders of First Tier Bonds.

(ii) In the event that on the Business Day preceding any Bond Payment Date the amount in the First Tier Debt Service Account shall be less than the amount required for payment of the interest on and the principal of the Outstanding First Tier Bonds due and payable on that Bond Payment Date, the Trustee shall withdraw (to the extent permitted with respect to each Fund or Account) the amount necessary to increase the amount on deposit in the First Tier Debt Service Account to the requirement therefor from, in the following order: (1) the General Reserve Fund; (2) the Lease Payment Fund; (3) the M&R Reserve Fund; (4) the General O&M Reserve Fund; (5) the Tolling O&M Reserve Fund (but only to the extent provided in Section 509 ("Tolling O&M Reserve Fund") of

the General Trust Indenture; (6) the First Tier Debt Service Reserve Account, if any, that secures the applicable Series of Bonds; and (7) any other money of the Authority legally available therefor.

(iii) When First Tier Bonds are redeemed or purchased, the amount, if any, in the First Tier Debt Service Account that has been deposited to pay interest thereon shall be applied to the payment of accrued interest in connection with that redemption or purchase. Whenever the aggregate amount in the First Tier Debt Service Account and the First Tier Debt Service Reserve Accounts is sufficient to redeem all of the Outstanding First Tier Bonds and to pay interest accrued to the Redemption Date, the Authority shall redeem all First Tier Bonds on the applicable Redemption Date at the applicable Redemption Price. Any amounts remaining in the First Tier Debt Service Account and the First Tier Debt Service Reserve Accounts after payment in full of the principal or Redemption Price, and interest on the First Tier Bonds (or provision for payment thereof) shall be transferred to the Authority System Revenue Fund.

(b) First Tier Debt Service Reserve Accounts.

(i) Pursuant to any Series Trust Indenture providing for the issuance of a Series of First Tier Bonds, the Authority may:

(A) provide that the Series will be secured by the First Tier Common Debt Service Reserve Account and within such Account, a Proceeds Subaccount and a Revenue Subaccount,

(B) establish a Series Debt Service Reserve Account, which shall have its own Debt Service Reserve Requirement, and provide that the Series will be secured by that Series Debt Service Reserve Account, or

(C) provide that the Series will not be secured by any Debt Service Reserve Account.

(ii) Subject to the requirements and limitations of this subsection (ii), amounts in a First Tier Debt Service Reserve Account shall be used to pay debt service on the First Tier Bonds secured by that First Tier Debt Service Reserve Account on the date such debt service is due, including debt service on TIFIA Bonds that have become First Tier Bonds due to the occurrence of a Bankruptcy Related Event of the Authority, when sufficient funds for that purpose are not available in the First Tier Debt Service Account. Amounts on deposit in the Revenue Subaccount of the First Tier Debt Service Reserve Account shall be applied to the payment of debt service on all First Tier Bonds, including TIFIA Bonds, and amounts in the Proceeds Subaccount of the First Tier Common Debt Service Reserve Account shall be used only for the payment of debt service on First Tier Bonds that are not TIFIA Bonds (the "Original First Tier Bonds"); provided that, any amounts remaining in a Third Tier Debt Service Reserve Account related to TIFIA Bonds (a "TIFIA Debt Service Reserve Account") shall be used to pay debt service on TIFIA Bonds prior to using amounts in the Revenue Subaccount of the First Tier Debt Service Reserve Account. Following

the occurrence of a Bankruptcy Related Event of the Authority, if amounts in the First Tier Debt Service Account are not sufficient to pay all amounts then due on all First Tier Bonds (including the TIFIA Bond), amounts shall be drawn first from the Proceeds Subaccount of the First Tier Debt Service Reserve Account to pay amounts then due on the Original First Tier Bonds until no funds remain in such Proceeds Subaccount prior to using amounts in the Revenue Subaccount of the First Tier Debt Service Reserve Account for such purpose. If amounts in the Proceeds Subaccount of the First Tier Debt Service are not sufficient to pay the full amount then due on the Original First Tier Bonds as of any Bond Payment Date, amounts on deposit in the Revenue Subaccount of the First Tier Debt Service Reserve Fund shall be allocated between the Original First Tier Bonds and the TIFIA Bond ratably on the basis of the aggregate amounts payable as of such Bond Payment Date on all First Tier Bonds (including the TIFIA Bond) after the application of any remaining amounts in the Proceeds Subaccount of the First Tier Debt Service Reserve Fund to payments in respect of the Original First Tier Bonds.

(iii) In lieu of or in addition to cash or investments, at any time the Authority may cause to be deposited to the credit of a First Tier Debt Service Reserve Account any form of Credit Facility, in an amount up to the related Debt Service Reserve Requirement, irrevocably payable to the Authority as beneficiary for the Holders of the First Tier Bonds secured by that First Tier Debt Service Reserve Account, provided that the Authority has received evidence satisfactory to it that (1) at the time of the initial delivery of the Credit Facility the Credit Provider has a credit rating of its unsecured, senior long-term indebtedness that is no lower than 'A+', 'A1' or the equivalent rating by a Rating Agency, (2) the obligation of the Authority to reimburse the Credit Provider is secured in the same manner as withdrawals from the First Tier Debt Service Reserve Accounts and payment of fees and ordinary expenses of the Credit Provider that are not reimbursements for draws are subordinate to its obligation to pay debt service on the First Tier Bonds, (3) the term of the Credit Facility is at least 24 months, (4) except as provided in the next sentence of this subsection, the only condition to a drawing under the Credit Facility is insufficient amounts in the First Tier Debt Service Account when needed to pay debt service on the First Tier Bonds secured by that First Tier Debt Service Reserve Account or the expiration of the Credit Facility, and (5) the Credit Provider shall notify the Authority at least six months prior to expiration of the Credit Facility. If (A) the Authority receives an expiration notice with respect to the Credit Facility and the Credit Provider does not extend the expiration date of the Credit Facility or (B) the Authority receives notice of the termination of the Credit Facility, the Authority shall (X) provide a substitute Credit Facility that meets the requirements set forth in the foregoing sentences, (Y) deposit the applicable Debt Service Reserve Requirement to that First Tier Debt Service Reserve Account (1) in the manner provided in the Series Trust Indenture pursuant to which the relevant First Tier Bonds are issued, or (2) prior to the termination date in the case of receipt of a termination notice, or (Z) draw on the Credit Facility in the amount of the related Debt Service Reserve Requirement (1) in the manner provided in the Series Trust Indenture pursuant to which the relevant First Tier Bonds are issued, or (2) prior to the termination date

in the case of receipt of a termination notice, and deposit those draw proceeds in the First Tier Debt Service Reserve Account.

(iv) Amounts, if any, released from a First Tier Debt Service Reserve Account upon deposit to the credit of that First Tier Debt Service Reserve Account of a Credit Facility pursuant to subsection (iii) above shall, upon designation by the Authority, accompanied by a Counsel's Opinion that such use will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds secured by the relevant First Tier Debt Service Reserve Account that are Tax-Exempt Bonds or the receipt of Federal Credit Payments by the Authority or federal tax credits by the Beneficial Owners in respect of any Bonds secured by the relevant First Tier Debt Service Reserve Account that are Tax-Advantaged Bonds, be transferred (1) to the First Tier Debt Service Account and used to pay principal of or to redeem those First Tier Bonds or (2) to the Project Fund with respect to the applicable Series of First Tier Bonds, and used for payment of Costs of the Project financed by that Series.

(v) In the event that amounts have been withdrawn from, or drawn on a Credit Facility in, a First Tier Debt Service Reserve Account for the purpose of paying principal and interest on the First Tier Bonds when due, the Authority shall replenish the amount on deposit, or reinstate the Credit Facility, in the applicable First Tier Debt Service Reserve Account in accordance with Section 504 ("Application of Amounts in the Authority System Revenue Fund") of the General Trust Indenture until the amount therein is equal to the Debt Service Reserve Requirement for First Tier Bonds to which that First Tier Debt Service Reserve Account is pledged, which amount shall include the amount of the Debt Service Reserve Requirement in respect of the TIFIA Bond from and after a Bankruptcy Related Event affecting the Authority.

(c) Second Tier Debt Service Account.

(i) Amounts in the Second Tier Debt Service Account shall be used to pay the principal of and interest on the Second Tier Bonds (or Hedge Payments, as applicable) when due in accordance with the terms of the related Series Trust Indenture. However, if so provided in the Series Trust Indenture creating a Series of Second Tier Bonds, while there is a Credit Facility in effect with respect to that Series of Second Tier Bonds, amounts in the Second Tier Debt Service Account may be used to reimburse the Credit Provider of that Credit Facility for interest, principal or Redemption Price, respectively, made to Holders of those Second Tier Bonds with funds provided by that Credit Provider to the extent that those reimbursement obligations of the Authority are secured as Second Tier Bonds by the General Trust Indenture. Amounts in the Second Tier Debt Service Account shall be pledged to Holders of Second Tier Bonds.

(ii) In the event that on the Business Day preceding any Bond Payment Date the amount in the Second Tier Debt Service Account shall be less than the amount required for payment of the interest on and the principal of the Outstanding Second Tier Bonds due and payable on that Bond Payment Date, the Trustee shall withdraw (to the extent permitted with respect to each Fund or

Account) the amount necessary to increase the amount on deposit in the Second Tier Debt Service Account to the requirement therefor from, in the following order: (1) the General Reserve Fund; (2) the Lease Payment Fund (but only to the extent provided in Section 512 ("Lease Payment Fund") of the General Trust Indenture); (3) the M&R Reserve Fund (but only to the extent provided in Section 511 ("M&R Reserve Fund") of the General Trust Indenture); (4) the General O&M Reserve Fund (but only to the extent provided in Section 510 ("General O&M Reserve Fund") of the General Trust Indenture); (5) the Tolling O&M Reserve Fund (but only to the extent provided in Section 509 ("Tolling O&M Reserve Fund") of the General Trust Indenture); (6) the Second Tier Debt Service Reserve Account, if any, that secures the applicable Series of Bonds; and (7) any other money of the Authority legally available therefor.

(iii) When Second Tier Bonds are redeemed or purchased, the amount, if any, in the Second Tier Debt Service Account that has been deposited to pay interest thereon shall be applied to the payment of accrued interest in connection with that redemption or purchase. Whenever the aggregate amount in the Second Tier Debt Service Account and the Second Tier Debt Service Reserve Accounts is sufficient to redeem all of the Outstanding Second Tier Bonds and to pay interest accrued to the Redemption Date at the applicable Redemption Price, the Authority shall redeem all Second Tier Bonds on the applicable Redemption Date. Any amounts remaining in the Second Tier Debt Service Account and the Second Tier Debt Service Reserve Accounts after payment in full of the principal or Redemption Price, and interest on the Second Tier Bonds (or provision for payment thereof) shall be transferred to the Authority System Revenue Fund.

(d) Second Tier Debt Service Reserve Accounts.

(i) Pursuant to any Series Trust Indenture providing for the issuance of a Series of Second Tier Bonds, the Authority may:

(A) provide that the Series will be secured by the Second Tier Common Debt Service Reserve Account,

(B) establish a Series Debt Service Reserve Account, which shall have its own Debt Service Reserve Requirement, and provide that the Series will be secured by that Series Debt Service Reserve Account, or

(C) provide that the Series will not be secured by any Debt Service Reserve Account.

(ii) Subject to the provisions of subsection (i) above, amounts in a Second Tier Debt Service Reserve Account shall be used to pay debt service on the Second Tier Bonds secured by that Second Tier Debt Service Reserve Account on the date such debt service is due when sufficient funds for that purpose are not available in the Second Tier Debt Service Account. Amounts in a Second Tier Debt Service Reserve Account shall be pledged to Holders of Second Tier Bonds in accordance with subsection (i) above and as set forth in the applicable Series Trust Indenture for each Series of Second Tier Bonds.

(iii) In lieu of or in addition to cash or investments, at any time the Authority may cause to be deposited to the credit of a Second Tier Debt Service Reserve Account any form of Credit Facility, in an amount up to the related Debt Service Reserve Requirement, irrevocably payable to the Authority as beneficiary for the Holders of the Second Tier Bonds secured by that Second Tier Debt Service Reserve Account, provided that the Authority has received evidence satisfactory to it that (1) at the time of the initial delivery of the Credit Facility the Credit Provider has a credit rating of its unsecured, senior long-term indebtedness that is no lower than 'A+', 'A1' or the equivalent rating by a Rating Agency, (2) the obligation of the Authority to reimburse the Credit Provider is secured in the same manner as withdrawals from the Second Tier Debt Service Reserve Accounts and payment of fees and ordinary expenses of the Credit Provider that are not reimbursements for draws are subordinate to its obligation to pay debt service on the Second Tier Bonds, (3) the term of the Credit Facility is at least 24 months, (4) except as provided in the next sentence of this subsection, the only condition to a drawing under the Credit Facility is insufficient amounts in the Second Tier Debt Service Account when needed to pay debt service on the Second Tier Bonds secured by that Second Tier Debt Service Reserve Account or the expiration of the Credit Facility, and (5) the Credit Provider shall notify the Authority at least six months prior to expiration of the Credit Facility. If (A) the Authority receives an expiration notice with respect to the Credit Facility and the Credit Provider does not extend the expiration date of the Credit Facility or (B) the Authority receives notice of the termination of the Credit Facility, the Authority shall (X) provide a substitute Credit Facility that meets the requirements set forth in the foregoing sentences, (Y) deposit the applicable Debt Service Reserve Requirement to that Second Tier Debt Service Reserve Account (1) in the manner provided in the Series Trust Indenture pursuant to which the relevant Second Tier Bonds are issued, or (2) prior to the termination date in the case of receipt of a termination notice, or (Z) draw on the Credit Facility in the amount of the related Debt Service Reserve Requirement (1) in the manner provided in the Series Trust Indenture pursuant to which the relevant Second Tier Bonds are issued, or (2) prior to the termination date in the case of receipt of a termination notice, and deposit those draw proceeds in the Second Tier Debt Service Reserve Account.

(iv) Amounts, if any, released from a Second Tier Debt Service Reserve Account upon deposit to the credit of that Second Tier Debt Service Reserve Account of a Credit Facility pursuant to subsection (iii) above shall, upon designation by the Authority, accompanied by a Counsel's Opinion that such use will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds secured by the relevant Second Tier Debt Service Reserve Account that are Tax-Exempt Bonds or the receipt of Federal Credit Payments by the Authority or federal tax credits by the Beneficial Owners in respect of any Bonds secured by the relevant Second Tier Debt Service Reserve Account that are Tax-Advantaged Bonds, be transferred (1) to the Second Tier Debt Service Account and used to pay principal of or to redeem those Second Tier Bonds or (2) to the Project Fund with respect to the applicable Series of Second Tier Bonds, and used for payment of Costs of the Project financed by that Series.

(v) In the event that amounts have been withdrawn from, or drawn on a Credit Facility in, a Second Tier Debt Service Reserve Account for the purpose of paying principal and interest on the Second Tier Bonds when due, the Authority shall replenish the amount on deposit, or reinstate the Credit Facility, in the applicable Second Tier Debt Service Reserve Account in accordance with Section 504 (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture until the amount therein is equal to the Debt Service Reserve Requirement for Second Tier Bonds to which that Second Tier Debt Service Reserve Account is pledged.

(e) Third Tier Debt Service Account.

(i) Amounts in the Third Tier Debt Service Account shall be used to pay the principal of and interest on the Third Tier Bonds (or Hedge Payments, as applicable) when due in accordance with the terms of the related Series Trust Indenture, provided that amounts in the TIFIA Bond subaccount shall be used solely to repay amounts in respect of the TIFIA Bond. However, if so provided in the Series Trust Indenture creating a Series of Third Tier Bonds, while there is a Credit Facility in effect with respect to that Series of Third Tier Bonds, amounts in the Third Tier Debt Service Account may be used to reimburse the Credit Provider of that Credit Facility for interest, principal or Redemption Price, respectively, made to Holders of those Third Tier Bonds with funds provided by that Credit Provider to the extent that those reimbursement obligations of the Authority are secured as Third Tier Bonds by the General Trust Indenture. Amounts in the Third Tier Debt Service Account shall be pledged to Holders of Third Tier Bonds, provided that amounts in the TIFIA Bond subaccount shall be pledged solely to the TIFIA Bondholder.

(ii) In the event that on the Business Day preceding any Bond Payment Date the amount in the Third Tier Debt Service Account shall be less than the amount required for payment of the interest on and the principal of the Outstanding Third Tier Bonds due and payable on that Bond Payment Date, the Trustee shall withdraw (to the extent permitted with respect to each Fund or Account) the amount necessary to increase the amount on deposit in the Third Tier Debt Service Account to the requirement therefor from, in the following order: (1) the General Reserve Fund; (2) the Lease Payment Fund (but only to the extent provided in Section 512 (“Lease Payment Fund”) of the General Trust Indenture); (3) the M&R Reserve Fund (but only to the extent provided in Section 511 (“M&R Reserve Fund”) of the General Trust Indenture); (4) the General O&M Reserve Fund (but only to the extent provided in Section 510 (“General O&M Reserve Fund”) of the General Trust Indenture); (5) the Tolling O&M Reserve Fund (but only to the extent provided in Section 509 (“Tolling O&M Reserve Fund”) of the General Trust Indenture); (6) the Third Tier Debt Service Reserve Account; and (7) any other money of the Authority legally available therefor.

(iii) When Third Tier Bonds are redeemed or purchased, the amount, if any, in the Third Tier Debt Service Account that has been deposited to pay interest thereon shall be applied to the payment of accrued interest in connection

with that redemption or purchase. Whenever the aggregate amount in the Third Tier Debt Service Account and the Third Tier Debt Service Reserve Accounts is sufficient to redeem all of the Outstanding Third Tier Bonds and to pay interest accrued to the Redemption Date at the applicable Redemption Price, the Authority shall redeem all Third Tier Bonds on the applicable Redemption Date. Any amounts remaining in the Third Tier Debt Service Account and the Third Tier Debt Service Reserve Accounts after payment in full of the principal or Redemption Price, and interest on the Third Tier Bonds (or provision for payment thereof) shall be transferred to the Authority System Revenue Fund.

(f) Third Tier Debt Service Reserve Accounts.

(i) Pursuant to any Series Trust Indenture providing for the issuance of a Series of Third Tier Bonds, the Authority may:

(A) provide that the Series will be secured by the Third Tier Common Debt Service Reserve Account,

(B) establish a Series Debt Service Reserve Account, which shall have its own Debt Service Reserve Requirement, and provide that the Series will be secured by that Series Debt Service Reserve Account, or

(C) provide that the Series will not be secured by any Debt Service Reserve Account.

(ii) Subject to the provisions of subsection (i) above, amounts in a Third Tier Debt Service Reserve Account shall be used to pay debt service on the Third Tier Bonds secured by that Third Tier Debt Service Reserve Account on the date such debt service is due when sufficient funds for that purpose are not available in the Third Tier Debt Service Account. Amounts in a Third Tier Debt Service Reserve Account shall be pledged to Holders of Third Tier Bonds in accordance with subsection (i) above and as set forth in the applicable Series Trust Indenture for each Series of Third Tier Bonds.

(iii) In lieu of or in addition to cash or investments, at any time the Authority may cause to be deposited to the credit of a Third Tier Debt Service Reserve Account any form of Credit Facility, in an amount up to the related Debt Service Reserve Requirement, irrevocably payable to the Authority as beneficiary for the Holders of the Third Tier Bonds secured by that Third Tier Debt Service Reserve Account, provided that the Authority has received evidence satisfactory to it that (1) at the time of the initial delivery of the Credit Facility the Credit Provider has a credit rating of its unsecured, senior long-term indebtedness that is no lower than 'A+', 'A1' or the equivalent rating by a Rating Agency, (2) the obligation of the Authority to reimburse the Credit Provider is secured in the same manner as withdrawals from the Third Tier Debt Service Reserve Accounts and payment of fees and ordinary expenses of the Credit Provider that are not reimbursements for draws are subordinate to its obligation to pay debt service on the Third Tier Bonds, (3) the term of the Credit Facility is at least 24 months, (4) except as provided in the next sentence of this subsection, the only condition to a

drawing under the Credit Facility is insufficient amounts in the Third Tier Debt Service Account when needed to pay debt service on the Third Tier Bonds secured by that Third Tier Debt Service Reserve Account or the expiration of the Credit Facility, and (5) the Credit Provider shall notify the Authority at least six months prior to expiration of the Credit Facility. If (A) the Authority receives an expiration notice with respect to the Credit Facility and the Credit Provider does not extend the expiration date of the Credit Facility or (B) the Authority receives notice of the termination of the Credit Facility, the Authority shall (X) provide a substitute Credit Facility that meets the requirements set forth in the foregoing sentences, (Y) deposit the applicable Debt Service Reserve Requirement to that Third Tier Debt Service Reserve Account (1) in the manner provided in the Series Trust Indenture pursuant to which the relevant Third Tier Bonds are issued, or (2) prior to the termination date in the case of receipt of a termination notice, or (Z) draw on the Credit Facility in the amount of the related Debt Service Reserve Requirement (1) in the manner provided in the Series Trust Indenture pursuant to which the relevant Third Tier Bonds are issued, or (2) prior to the termination date in the case of receipt of a termination notice, and deposit those draw proceeds in the Third Tier Debt Service Reserve Account.

(iv) Amounts, if any, released from a Third Tier Debt Service Reserve Account upon deposit to the credit of that Third Tier Debt Service Reserve Account of a Credit Facility pursuant to subsection (iii) above shall, upon designation by the Authority, accompanied by a Counsel's Opinion that such use will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds secured by the relevant Third Tier Debt Service Reserve Account that are Tax-Exempt Bonds or the receipt of Federal Credit Payments by the Authority or federal tax credits by the Beneficial Owners in respect of any Bonds secured by the relevant Third Tier Debt Service Reserve Account that are Tax-Advantaged Bonds, be transferred (1) to the Third Tier Debt Service Account and used to pay principal of or to redeem those Third Tier Bonds or (2) to the Project Fund with respect to the applicable Series of Third Tier Bonds, and used for payment of Costs of the Project financed by that Series.

(v) In the event that amounts have been withdrawn from, or drawn on a Credit Facility in, a Third Tier Debt Service Reserve Account for the purpose of paying principal and interest on the Third Tier Bonds when due, the Authority shall replenish the amount on deposit, or reinstate the Credit Facility, in the applicable Third Tier Debt Service Reserve Account in accordance with Section 504 ("Application of Amounts in the Authority System Revenue Fund") of the General Trust Indenture until the amount therein is equal to the Debt Service Reserve Requirement for Third Tier Bonds to which that Third Tier Debt Service Reserve Account is pledged.

Redemption Fund. The Trustee has established and created within the Redemption Fund such Accounts thereof as may be appropriate for the redemption of Outstanding Bonds or Bond Anticipation Obligations. There may be deposited in the applicable Account, proceeds of Refunding Bonds, as provided in the Series Trust Indenture authorizing their issuance, allocated to the payment of the principal or Redemption Price, and interest, or purchase price of the Bonds or Bond Anticipation Obligations to be refunded, funded or retired through the issuance of such

Refunding Bonds; amounts to be transferred thereto from any applicable Debt Service Reserve Account by order of an Authorized Officer and permitted under the General Trust Indenture; and any other amounts made available by the Authority for the purposes of the Redemption Fund. Amounts for the redemption of Bonds to be provided pursuant to Sinking Fund Installments set forth in a Series Trust Indenture authorizing such Series of Bonds shall not be deposited to the credit of the Redemption Fund, but shall be deposited to the credit of the applicable Account of the Debt Service Fund.

Any amounts in the Redemption Fund may be committed, by written instructions of an Authorized Officer, for the retirement of and for the redemption or purchase of particular Series of Bonds and, so long as so committed, shall be used solely for such purposes whether directly or through transfer to the applicable Account of the Debt Service Fund established for such Series of Bonds. Subject to the foregoing provisions of this Section, an Authorized Officer may cause moneys in the Redemption Fund to be used to purchase any Bonds at a price not greater than the principal amount (or Accreted Value) thereof plus accrued interest for cancellation and to redeem any Bonds in accordance with the redemption provisions of the applicable Series Trust Indenture. From moneys in the Redemption Fund, the Trustee shall transmit or otherwise disburse such amounts at such times as are required for the redemption or purchase for cancellation of Bonds. Any amounts in the Redemption Fund not required for the purposes thereof pursuant to a commitment theretofore made, may be transferred to the related Account of the Debt Service Fund or other related Account established for such Series of Bonds upon order of an Authorized Officer.

Tolling O&M Reserve Fund. Upon receipt of Authority Toll Revenue, the deposits to the Tolling O&M Reserve Fund required by Section 504 (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture shall commence and shall be in an amount equal to the amount estimated by the Authority as being at least sufficient to pay Toll System Collection Expenses for the month following each such deposit (the “Monthly Tolling O&M Expense”), which estimate shall be provided by the Authority to the Trustee. In addition to the amount required by the preceding sentence, if the amount on deposit in the Tolling O&M Reserve Fund is less than the Tolling System Reserve Fund Requirement (without regard to the Monthly Tolling O&M Expense), the Trustee shall deposit into the Tolling O&M Reserve Fund the amount required for the balance therein (without regard to the Monthly Tolling O&M Expense) to equal the Tolling O&M Reserve Fund Requirement divided by the number of months to the end of the first full Fiscal Year after the first deposit of such additional funds in the Tolling O&M Reserve Fund. If in any month there are insufficient amounts available in the Authority System Revenue Fund to make such deposit, the Trustee shall request the payment of Rent in an amount equal to the amount that could not be deposited, which request shall be withdrawn (or deemed withdrawn) when the amount on deposit in the Tolling O&M Reserve Fund is restored to the Tolling O&M Reserve Fund Requirement.

Amounts in the Tolling O&M Reserve Fund shall be (i) used by the Authority to pay Toll System Collection Expenses for the current Fiscal Year as reflected in the Authority System Budget, with disbursements made upon receipt of a written request by the Trustee that includes payment instructions and is signed by an Authorized Officer of the Authority, and (ii) transferred to the applicable account of the Debt Service Fund in accordance with the priorities established by Section 504 (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture, but only if after such transfer, the amount on deposit in the Tolling O&M Reserve Fund will be no less than the Tolling System Reserve Fund Requirement plus the

Monthly Tolling O&M Expense for the following month. The Trustee shall rely fully on disbursement requests delivered pursuant to this Section and the Trustee shall not be required to make any investigation in connection therewith.

The Trustee shall keep an accurate accounting of Lease Payments deposited in the Tolling O&M Reserve Fund in accordance with this Section and the repayment of such Lease Payments in accordance with Section 504(n) (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture.

General O&M Reserve Fund. Upon receipt of Authority Toll Revenue, the deposits to the General O&M Reserve Fund required by Section 504 (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture shall commence and shall be in an amount equal to the amount estimated by the Authority as being at least sufficient to pay General O&M Expenses for the month following each such deposit (the “Monthly General O&M Expense”), which estimate shall be provided by the Authority to the Trustee. In addition to the amount required by the preceding sentence, there shall be deposited in the General O&M Reserve Fund an amount equal to the General O&M Reserve Fund Requirement divided by sixty (60) so that sixty months after the first deposit of funds in the General O&M Reserve Fund, the amount on deposit therein will equal the General O&M Reserve Fund Requirement (without regard to the Monthly General O&M Expense). Once the amount in the General O&M Reserve Fund is at least equal to the General O&M Reserve Fund Requirement (without regard to the Monthly General O&M Expense), the Trustee shall deposit into the General O&M Reserve Fund the amount required for the balance therein (without regard to the Monthly General O&M Expense) to equal the General O&M Reserve Fund Requirement divided by the number of months to the end of the first full Fiscal Year after the first deposit of such additional funds in the General O&M Reserve Fund. If in any month there are insufficient amounts available in the Authority System Revenue Fund to make such deposit, the Trustee shall request the payment of Rent in an amount equal to the amount that could not be deposited, which request shall be withdrawn (or deemed withdrawn) when the amount on deposit in the General O&M Reserve Fund is restored to the General O&M Reserve Fund Requirement.

Amounts in the General O&M Reserve Fund shall be (i) used by the Authority to pay General O&M Expenses for the current Fiscal Year as reflected in the Authority System Budget, with disbursements made upon receipt of a written request by the Trustee that includes payment instructions and is signed by an Authorized Officer of the Authority, and (ii) transferred to the applicable account of the Debt Service Fund in accordance with the priorities established by Section 504 (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture, but only if after such transfer, the amount on deposit in the General O&M Reserve Fund will be no less than the General O&M Reserve Fund Requirement plus the Monthly General O&M Expense for the following month. The Trustee shall rely fully on disbursement requests delivered pursuant to this Section and the Trustee shall not be required to make any investigation in connection therewith.

The Trustee shall keep an accurate accounting of Lease Payments deposited in the General O&M Reserve Fund in accordance with this Section and the repayment of such Lease Payments in accordance with Section 504(n) (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture.

M&R Reserve Fund. Upon receipt of Authority Toll Revenue, the deposits to the M&R Reserve Fund required by Section 504 (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture shall commence and shall be in an amount equal to the amount estimated by the Authority as being at least sufficient to pay M&R Expenses anticipated by the Authority to be paid from the M&R Reserve Fund for the month following each such deposit (the “Monthly M&R Expense”), which estimate shall be provided by the Authority to the Trustee. In addition to the amount required by the preceding sentence, there shall be deposited in the M&R Reserve Fund an amount equal to the M&R Reserve Fund Requirement divided by sixty (60) so that sixty months after the first deposit of funds in the M&R Reserve Fund, the amount on deposit therein will equal the M&R Reserve Fund Requirement (without regard to the Monthly M&R Expense). Once the amount in the M&R Reserve Fund is at least equal to the M&R Reserve Fund Requirement (without regard to the Monthly M&R Expense), the Trustee shall deposit into the M&R Reserve Fund the amount required for the balance therein (without regard to the Monthly M&R Expense) to equal the M&R Reserve Fund Requirement divided by the number of months to the end of the first full Fiscal Year after the first deposit of such additional funds in the M&R Reserve Fund. If in any month there are insufficient amounts available in the Authority System Revenue Fund to make such deposit, the Trustee shall request the payment of Rent in an amount equal to the amount that could not be deposited, which request shall be withdrawn (or deemed withdrawn) when the amount on deposit in the M&R Reserve Fund is restored to the M&R Reserve Fund Requirement.

Amounts in the M&R Reserve Fund shall be (i) used by the Authority to pay M&R Expenses for the current Fiscal Year as reflected in the then-current capital improvement program and Authority System Budget and to pay any other M&R Expenses that must be incurred to restore or maintain any portion of the Authority System in a safe operating condition due to damage as a result of fire, flood, earthquake, other disaster, or otherwise, with disbursements made upon receipt of a written request by the Trustee that includes payment instructions and is signed by an Authorized Officer of the Authority, and; (ii) transferred to the applicable account of the Debt Service Fund in accordance with the priorities established by Section 504 (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture, but only if after such transfer, the amount on deposit in the M&R Reserve Fund will be no less than the M&R Reserve Fund Requirement plus the Monthly M&R Expense for the following month; and (iii) to the extent not required by the preceding clause (ii), transferred to the Authority System Revenue Fund or General Reserve Fund in amounts determined by the Authority, if the amount in the M&R Reserve Fund exceeds the M&R Reserve Fund Requirement plus the Monthly M&R Expense for the following month. The Trustee shall rely fully on disbursement requests delivered pursuant to this Section and the Trustee shall not be required to make any investigation in connection therewith.

The Trustee shall keep an accurate accounting of Lease Payments deposited in the M&R Reserve Fund in accordance with this Section and the repayment of such Lease Payments in accordance with Section 504 (n) (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture.

Lease Payment Fund. Amounts in the Lease Payment Fund shall be used to pay amounts then due from the Authority to the Transportation Cabinet under the Lease Agreement. Any amounts on deposit in the Lease Payment Fund that are not then required to make such payments

to the Transportation Cabinet may be transferred to the Debt Service Fund in accordance with the provisions of Section 507 (“Debt Service Fund”) of the General Trust Indenture.

General Reserve Fund. Amounts in the General Reserve Fund shall be used by the Authority to pay expenses relating to the Authority System, providing for debt service on Bonds or as may otherwise be permitted by the Act or required by the Development Agreement, the Lease Agreement or the Interlocal Agreement, including, but not limited to, fees and expenses of Credit Providers, Hedge Termination Payments and the payment of the debt service (or Hedge Payments) on any Subordinate Bonds. Amounts withdrawn from the General Reserve Fund and deposited in the Authority System Revenue Fund in any Fiscal Year shall not be treated as Authority System Revenue received in that Fiscal Year.

In addition, on each July 1 that TIFIA Bonds remain Outstanding, after the payment of principal and interest due on such date and the deposit and application of Authority System Revenues required by Sections 503 and 504 of the General Trust Indenture, the Trustee shall determine the amount on deposit in the General Reserve Fund that exceeds the amount set forth in the following table corresponding to such July 1 (the “General Reserve Annual Surplus”):

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
July 1, 2018	\$18,556,445	July 1, 2035	\$189,024,443
July 1, 2019	27,072,551	July 1, 2036	205,104,716
July 1, 2020	38,430,610	July 1, 2037	212,331,347
July 1, 2021	51,365,294	July 1, 2038	221,675,213
July 1, 2022	64,881,271	July 1, 2039	248,350,276
July 1, 2023	79,037,830	July 1, 2040	282,965,913
July 1, 2024	92,794,959	July 1, 2041	319,861,294
July 1, 2025	97,453,793	July 1, 2042	357,575,263
July 1, 2026	100,887,571	July 1, 2043	400,249,525
July 1, 2027	104,443,473	July 1, 2044	448,823,390
July 1, 2028	108,122,865	July 1, 2045	501,998,381
July 1, 2029	111,929,214	July 1, 2046	553,044,599
July 1, 2030	115,866,252	July 1, 2047	603,222,458
July 1, 2031	119,930,073	July 1, 2048	663,217,118
July 1, 2032	134,216,646	July 1, 2049	731,862,094
July 1, 2033	154,229,175	July 1, 2050	804,337,279
July 1, 2034	173,327,968		

One-half of the General Reserve Annual Surplus shall immediately be transferred to a special account of the Redemption Fund to be established for the redemption of TIFIA Bonds and the remaining General Reserve Annual Surplus shall be transferred to a special account of the General Reserve Fund to be established (the “Surplus Account”). Amounts transferred to the Redemption Fund shall be applied to the redemption of TIFIA Bonds on the date required for prepayment of the TIFIA Loan under the TIFIA Loan Agreement.

Amounts on deposit in the Surplus Account may be applied in the same manner as other amounts on deposit in the General Reserve Fund but shall not be used to determine the amount on deposit in the General Reserve Fund for purposes the determining General Reserve Annual Surplus.

Rebate Fund. Any earnings on any trust fund or account established under the terms of said General Trust Indenture or any Series Trust Indenture determined to be subject to the “rebate” requirements in favor of the United States of America imposed by Section 148 of the Code shall be paid as required by the Code to the United States, and the Trustee shall establish a separate trust account under the General Trust Indenture for the benefit of the United States of America designated as the “Rebate Fund”, which shall be utilized for the collection and payment of earnings from “non-purpose investments” in excess of the amount which said investments would have earned at a rate equal to the “yield” on the applicable Bonds, plus any income attributable to such excess. The amounts deposited in the Rebate Fund are not pledged to Bondholders.

To the extent that any investment earnings are generated from any Fund or Account subject to said “rebate” requirements of the Code, the Authority shall calculate the excess income generated over the permitted “yield” and advise and direct the Trustee to remit any such excess to the United States of America on or before a date five years and thirty days from the date any Series of Bonds is delivered, and once every five years thereafter until the final maturity of the respective Series of Bonds; the last installment of rebate, to the extent required, to be made no later than sixty days following the date on which funds sufficient for the complete retirement of the last remaining Series of outstanding Bonds are deposited with the Paying Agent or any escrow agent if and to the extent required by the Code.

Investment of Funds.

(a) Amounts on deposit in any Fund or Account shall be invested in Investment Obligations at the written direction of the Authority or its designee. The Trustee may conclusively rely upon the Authority’s written instructions as to both the suitability and legality of the directed investments. Ratings of Investment Obligations shall be determined at the time of purchase of such Investment Obligations and without regard to ratings subcategories. The Trustee shall not be liable for losses on investments made in compliance with the provisions of the General Trust Indenture. In the absence of investment instructions from the Authority, the Trustee shall not be responsible or liable for keeping the moneys held by it under the General Trust Indenture fully invested in Investment Obligations. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including investment maintenance fees.

(b) Investment of moneys in the Debt Service Fund (other than in a Debt Service Reserve Account, which shall be invested as provided in the applicable Series Trust Indenture) shall mature or be redeemable at the times and in the amounts necessary to provide moneys to pay the principal of, and interest on, Bonds as they become due, whether at stated maturity, by redemption, pursuant to any Sinking Fund Installments or otherwise. Each investment of moneys in the Cost of Issuance Fund, each Project Fund, the Authority System Revenue Fund, the General O&M Reserve Fund, the M&R Reserve Fund, the Tolling O&M Reserve Fund, the General Reserve Fund and the Rebate Fund, shall mature or be redeemable without penalty at such time as may be necessary to make payments when necessary from such Fund.

(c) Except as otherwise provided for in the General Trust Indenture or any Series Trust Indenture:

(i) Investment Obligations purchased as an investment of moneys in any Fund and Account held by the Authority or the Trustee under the provisions of the General Trust Indenture and shall be applied as provided in Section 503(e) (“Deposit and Application of Funds”) of the General Trust Indenture.

(ii) In computing the amount in all Funds, including the Accounts thereof, Investment Obligations purchased as an investment of moneys therein shall be valued at cost.

(iii) The Trustee shall sell at the best price reasonably obtainable, or present for redemption or exchange, any Investment Obligation purchased by it as an investment pursuant to the General Trust Indenture or any Series Trust Indenture whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account from which such investment was made. The Trustee shall advise the Authority in writing, on or before the last Business Day of each calendar month, of the details of all Investment Obligations held for the credit of each Fund or Account in its custody under the provisions of the General Trust Indenture or any Series Trust Indenture as of the end of the preceding month.

(iv) The Trustee shall keep the Authority fully advised as to the details of all such investments and shall comply with any directions of the Authority with respect to investments in Investment Obligations. Except as otherwise provided in the General Trust Indenture or any Series Trust Indenture, earnings and losses on Investment Obligations shall be credited to the Fund or Account with respect to which such investments were made (or pro-rated thereto) and shall become a part thereof for all purposes.

(d) It shall not be necessary for any Paying Agent to give security for the deposit of any moneys with it held in trust for the payment of principal of or Redemption Price, if any, or interest on any Bonds.

(e) Although the Authority recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Authority has agreed that confirmations of permitted investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any Fund or Account if no activity occurred in such Fund or Account during such month.

PARTICULAR COVENANTS OF THE AUTHORITY

Payment of Bonds. The Authority shall duly and punctually pay or cause to be paid the principal of, or Redemption Price or purchase price, if any, of every Bond and the interest thereon, any Hedge Payments, and any reimbursement obligations in respect of a Credit Facility, in each case at the date and places in the manner provided in the General Trust Indenture, and solely and only from the Pledged Receipts; provided, that the Authority’s payment obligations under the General Trust Indenture, the Bonds, any Credit Facilities, any Reimbursement Agreements and any Hedge Facilities shall be solely from Pledged Receipts and other funds and accounts constituting part of the Trust Estate.

Powers as to Bonds and Pledge. The Authority may issue the Bonds and execute and deliver the General Trust Indenture and any Series Trust Indenture and pledge the income, revenues and assets pledged by the General Trust Indenture or any Series Trust Indenture in the manner and to the extent provided in the General Trust Indenture. The income, revenues and assets so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the General Trust Indenture or any Series Trust Indenture, and all official action on the part of the Authority to that end has been or will be duly and validly taken. The Bonds and the provisions of the General Trust Indenture or any Series Trust Indenture are and will be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of the General Trust Indenture or any Series Trust Indenture. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the income, revenues and assets pledged under the General Trust Indenture or any Series Trust Indenture and all the rights of the Bondholders under the General Trust Indenture or any Series Trust Indenture against all claims and demands therefor of all persons whomsoever.

Authority to Comply with and Require Compliance with Certain Agreements. The Authority shall comply in all material respects with the terms of the Development Agreement, the Interlocal Agreement, the Section 129 Agreement, the Toll Policy Agreement, the Ground Lease Agreements and all other material agreements of the Authority relating to the Project and the Authority System.

To the extent necessary for the Authority to comply with the provisions of the General Trust Indenture and each Series Trust Indenture, the Authority shall, to the fullest extent provided and permitted by law, by legal action, mandamus, suit in equity, demand for specific performance, or otherwise, require the other parties to such Agreements to comply with the material terms of such Agreements. The Authority will not agree to the amendment of the Development Agreement, the Interlocal Agreement, the Section 129 Agreement, the Toll Policy Agreement or the Ground Lease Agreements if such amendment will impair the Authority's ability to comply with its obligations under the General Trust Indenture or any Series Trust Indenture.

Furthermore, the Authority covenants that it will continuously enforce the Lease Agreement to the maximum extent permitted by law, and will not consent to any modification of the Lease Agreement which would impair, in any material respect, the security created for the owners of the Bonds under the Lease Agreement, the General Trust Indenture or any Series Trust Indenture.

The Authority shall give the Trustee prompt notice of the occurrence of any event of default under the Development Agreement, the Interlocal Agreement, the Section 129 Agreement, the Toll Policy Agreement, the Ground Lease Agreements or the Lease Agreement.

Establishment and Collection of Tolls. The Authority covenants to take any and all actions, to the full extent such actions are not in violation of the Development Agreement or the Toll Policy Agreement, to provide for (i) the setting and adjustment of the Toll Rate Schedule and maintenance of Tolls on the System at rates that will generate Authority System Revenue sufficient to comply with the requirements of Section 708(a) ("Rate Covenant") of the General Trust Indenture, (ii) Toll Rate Schedules, Tolls and Toll collection systems that maintain travel time, speed, and reliability and (iii) Tolls that maintain and optimize System performance,

recognizing the need to maintain a financially prudent balance between System performance and the generation of revenue required for the purposes specified in Section 708 (“Rate Covenant”) of the General Trust Indenture. The Authority may allow for Tolls that (i) are adjusted to reflect inflation as measured by the consumer price index or as necessary to comply with Section 708 (“Rate Covenant”) of the General Trust Indenture and with other requirements of the General Trust Indenture, (ii) provide for other Costs of the Project; (iii) vary for type of vehicle, time of day, traffic conditions, or other factors designed to improve performance of the System; and (iv) include practicable means for minimizing impact of tolling on low income and minority populations consistent with the terms of the Development Agreement.

Rate Covenant.

(a) The Authority, in accordance with the Development Agreement and the Toll Policy Agreement, shall use its best efforts to provide for the establishment, and shall charge and collect, Tolls for the privilege of traveling on the System, at rates sufficient so that Total System Revenue are in an amount at least equal to (i), (ii), (iii), (iv) and (v):

(i) 150% of the Annual Debt Service with respect to all Outstanding First Tier Bonds;

(ii) 135% of the Annual Debt Service with respect to all Outstanding First Tier Bonds and Second Tier Bonds;

(iii) 125% of the Annual Debt Service with respect to all Outstanding First Tier Bonds, Second Tier Bonds and Third Tier Bonds;

(iv) 110% of the Annual Debt Service with respect to all Outstanding Bonds; and

(v) 100% of the aggregate amount of the required payments described in subsections (a) through (m) of Section 504 (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture to the extent such payments have not been otherwise paid or provided for from Bond proceeds.

(b) The Authority will at least annually, prior to June 30 of each Fiscal Year, review the financial condition of the System, the anticipated Total System Expenses, Debt Service Requirements, various reserves and other costs of the Authority System, and proceed in a timely fashion to recommend to the Tolling Body any required adjustment to the Toll Rate Schedule it determines is necessary to comply with subsection (a) above to provide sufficient Authority System Revenue to fund amounts required to be deposited and maintained in the Funds and Accounts and to comply with other relevant covenants in the General Trust Indenture.

(c) Prior to recommending any revision in the Toll Rate Schedule, the Authority, shall obtain: (i) a certificate of the Traffic Consultant stating, based upon reasonable assumptions and applying the revised Toll Rate Schedule, the projected Authority System Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all then-Outstanding Bonds, (ii) a certificate of the Consulting Engineer stating, based upon reasonable assumptions, the projected

Total System Expenses for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds, and (iii) a certificate of an Authorized Representative stating that, based upon the information contained in the certificates described in (i) and (ii) above, the adoption of the revised Toll Rate Schedule will not cause Authority Toll Revenue to decrease to an amount that will cause the Authority to fail to comply with the requirements of (a) above. Any certificate delivered by the Traffic Consultant pursuant to this subsection shall be based on the opinion of the Traffic Consultant as to Authority System Revenue to be derived by the Authority from the System under the terms of the Development Agreement and the Toll Policy Agreement (provided that investment and other income not related to Tolls shall be estimated by an Authorized Representative), and a certificate of an Authorized Representative stating the opinion of the Authority as to the amount of Total System Expenses paid or accrued during any pertinent Fiscal Year, assuming that the proposed Toll Rate Schedule had been in effect during the pertinent Fiscal Year.

(d) The failure in any Fiscal Year to obtain Authority System Revenue in the amounts sufficient to enable the Authority to comply with subsection (a) above, which failure may continue during the succeeding Fiscal Year, shall not, in and of itself, constitute an Event of Default under the General Trust Indenture if (i) the Authority, within 60 days after the end of each Fiscal Year, requests the written recommendations of the Traffic Consultant as to how to increase Authority Toll Revenue and/or the written recommendations of a Consulting Engineer as to how to reduce Total System Expenses in the following Fiscal Year to the level required to comply with subsection (a) above, (ii) within 60 days of the date of the request from the Authority, the Traffic Consultant and/or the Consulting Engineer provide to the Authority the written recommendations described in clause (i), and (iii) the Authority takes steps to implement those recommendations within 60 days after receipt thereof and diligently proceeds to substantially comply with the recommendations of the Traffic Consultant and/or the Consulting Engineer.

Operating and Capital Budgets for the System.

(a) The Authority covenants that it will, for each Fiscal Year in each Biennium, prepare and adopt a Authority System Budget for Total System Expenses, Annual Debt Service, any required deposits to the Debt Service Reserve Accounts, capital repairs and replacements, and for other costs of the Authority System, and that the Authority System Budget shall be prepared in consultation with the Transportation Cabinet and shall provide for amounts sufficient to comply with the covenants in the Article VII ("Covenants of the Authority") of the General Trust Indenture. To the extent practicable, each Authority System Budget shall separately identify:

- (i) the Tolling System Reserve Fund Requirement;
- (ii) the General O&M Reserve Fund Requirement;
- (iii) the M&R Reserve Fund Requirement;
- (iv) monthly deposit requirements into the Funds and Accounts to be made in accordance with Section 504 ("Application of Amounts in the Authority System Revenue Fund") of the General Trust Indenture; and

(v) the source of funds for such deposits from (i) Authority System Revenue, (ii) the General Reserve Fund, if any, and (ii) Lease Payments, if any; and

(b) In conjunction with the preparation of each Authority System Budget, the Authority shall use the existing Toll Rate Schedule, or, in consultation with the Traffic Consultant, cause the preparation of a Projected Toll Rate Schedule for the purpose of setting and adjusting Tolls. Any Projected Toll Rate Schedule shall include but not be limited to (1) an estimate of the Authority System Revenue that will be required under the Authority System Budget; (2) an estimate of the projected increases in Authority System Revenue that will be required as the result of estimated future changes in Total System Expenses and scheduled or anticipated future changes in Annual Debt Service requirements; and (3) the related proposed schedule or schedules (which may include alternative schedules) of Toll rates that are projected to be necessary to produce Authority System Revenue required for the Authority System Budget, it being understood that the adoption of any revised Toll Rate Schedule may not cause Authority Toll Revenue to decrease to an amount that will cause the Authority to fail to comply with the requirements of Section 708(a) ("Rate Covenant") of the General Trust Indenture.

(c) The Authority shall provide to the Trustee a copy of each Authority System Budget and any amendments thereto, promptly after adoption.

Operation and Maintenance of the System. The Authority covenants that it will (a) maintain and operate the Authority System in an efficient and economical manner, (b) maintain the Authority System in good repair and will make all necessary repairs, renewals and replacements, to the extent funds are available therefor; and (c) comply with laws and all rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Authority System, subject to the right of the Authority to contest the same in good faith and by appropriate legal proceedings. The Authority further covenants that it will use its best efforts to permit the operators of the System that are not part of the Authority System to maintain and operate that portion of the System in the same manner that is required for the Authority System by this Section.

Construction and Completion of Authority System. The Authority covenants that it will proceed with diligence to (a) construct and complete each part of the Authority System that it is required to construct and complete under the Development Agreement in accordance with the Development Agreement and any other Project financed with Bonds to the extent authorized by applicable law, and in conformity with law, with all requirements of governmental authorities having jurisdiction and the policies, rules and regulations of the Commonwealth and (b) enforce any contracts relating to the construction of the Authority System and any other Project financed with Bonds.

Engagement of Consultants. The Authority covenants to employ or cause the employment of a traffic and revenue consultant or firm of traffic and revenue consultants of national recognition with expertise and experience in the operation, management and financing of, and collection of revenues from, toll bridges and roads to perform any functions of the Traffic Consultant, as provided in the General Trust Indenture. The Authority further covenants to employ an independent engineer or engineering firm, in each case experienced in determining the costs of operations and maintenance and costs of repair and replacement of facilities similar

to the System to perform any functions of the Consulting Engineer, as provided in the General Trust Indenture.

Insurance. The Authority covenants that it will keep or cause to keep those portions of the Project in which it or the Transportation Cabinet has an insurable interest and the use and operation thereof insured (including through self-insurance pool insurance) at all times in such amounts, subject to such exceptions and deductibles and against such risks, as are customary for similar facilities, including business interruption insurance providing for coverage of the loss of Pledged Receipts for a period of at least twelve (12) months, but in no event at levels less than required by Appendix G to the Development Agreement. Business interruption insurance is not required to replace more than the Authority Toll Revenue. Coverage limits for business interruption insurance shall be set at levels deemed appropriate by the Authority's insurance advisors. All insurance policies shall be carried with a responsible insurance company or companies authorized to do business in the Commonwealth or shall be provided under a self-insurance program; any self-insurance program shall be actuarially sound in the written opinion of an accredited actuary, which opinion shall be filed with the Authority at least annually. At any time and from time to time, the Authority may elect to terminate any and all of its self-insurance programs. Upon making such election, the Authority shall obtain and maintain comparable commercial insurance meeting the standards described above prior to terminating any such self-insurance.

The Authority covenants that it will take actions as it deems necessary to demand, collect and sue for any proceeds that may become due and payable to it under any insurance policy. To the extent that the Authority receives insurance payments under a business interruption insurance policy, those amounts shall be deposited into the Authority System Revenue Fund. To the extent that the Authority receives or is entitled to receive liquidated damages for delayed completion under a construction contract relating to the acquisition or construction of the Project, unless otherwise needed to complete the construction of the Project, those amounts shall be deposited into the Authority System Revenue Fund or the Redemption Fund, as directed by an Authorized Officer.

Damage or Destruction. Immediately after any damage to or destruction of any part of the Authority System that materially adversely affects the Authority System Revenue, the Authority will promptly cause the repair, reconstruction or replacement of the damaged or destroyed property or to otherwise ameliorate the adverse impact on Authority System Revenue; provided, however, nothing in this Section shall require the Authority to expend, for that repair, reconstruction or replacement, amounts other than Authority System Revenue, insurance proceeds and Bond proceeds available therefor, and any other funds available for those purposes under the General Trust Indenture.

Financial Records and Statements. The Authority covenants that it will maintain books and accounts reflecting the operations of the Authority System separately from other accounts, in accordance with Accounting Principles. The books and records of the Authority System may form a part of the books and records of the Commonwealth but shall be maintained as separate accounts. The Authority shall maintain accurate records showing all collections of Tolls and all payments made into and out of the Funds and Accounts, and those records shall be made available for inspection at any reasonable time by the Holders of not less than 25% in principal amount of the Outstanding Bonds with Accreted Value being treated as "principal" for purposes of making such determination.

In addition, the Authority covenants that, subject to any applicable requirements of KRS 175B.100, as amended, as soon as practicable, but in no event more than two hundred ten (210) days after the last day of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2014, it will prepare or cause to be prepared a financial report of the results of operations of the Authority System for that Fiscal Year (all or a portion of which may be part of the Commonwealth's comprehensive annual financial report) in accordance with Accounting Principles, containing independently audited financial statements and the independent auditor's report on the financial statements for the end of that Fiscal Year.

The Authority shall deliver to the Trustee within 90 days after the close of each Fiscal Year, a certificate signed by an Authorized Officer stating that during such Fiscal Year, and as of the date of such certificate, no Default or Event of Default has occurred and is continuing, or if such a Default or Event of Default is happening or existing, specifying the nature and period of such event or condition and what action the Authority has taken, is taking or proposes to take with respect thereto.

Sale, Lease or Other Disposition of Property Comprising Authority System.

(a) Except as provided in the Lease Agreement, the Authority covenants so long as any Bonds are Outstanding under the General Trust Indenture that it will not sell or otherwise dispose of any real estate or personal property comprising a portion of the Authority System (a "disposition") unless:

(i) the Authority determines, as evidenced by a certificate filed with the Trustee, that such property (A) has become obsolete or worn out or is reasonably expected to become so within one year after the date of disposition, (B) is no longer used or useful in the operation of the System or in the generation of Authority Toll Revenue or (C) is to be or has been replaced by other property; or

(ii) the Authority determines, as evidenced by a certificate filed with the Trustee, that the disposition will not materially adversely affect the Authority System Revenue; or

(iii) there shall be on file with the Trustee:

(A) a certificate of the Traffic Consultant stating, based upon reasonable assumptions, the projected Authority Toll Revenue following the proposed disposition (taking into account changes in Authority Toll Revenue, if any, expected as a result of the proposed disposition) for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds;

(B) a certificate of the Consulting Engineer stating, based upon reasonable assumptions, the estimated Total System Expenses following the proposed disposition (taking into account any changes in Total System Expenses, if any, expected as a result of the proposed disposition) for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds; and

(C) a certificate of the Authority stating that, based upon the information contained in the certificates described in (A) and (B) above, the projected Authority System Revenue following the proposed disposition for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds will be equal to or greater than (i) 175% of Annual Debt Service on First Tier Bonds, (ii) 150% of Annual Debt Service on First Tier Bonds and Second Tier Bonds, (iii) 125% of Annual Debt Service on First Tier Bonds, Second Tier Bonds and Third Tier Bonds, (iv) 110% of Annual Debt Service on First Tier Bonds, Second Tier Bonds Bonds, Third Tier Bonds and Subordinate Bonds; and (v) 100% of the aggregate amount of the required payments described in subsections (a) through (m) of Section 504 (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture in the applicable Fiscal Year.

The proceeds of the sale or disposition permitted by this Section shall be deposited in the Authority System Revenue Fund or in the Redemption Fund, as directed by an Authorized Officer, and any such proposed redemption shall be reflected in the certificate of the Authority described in clause (C) above.

(b) The Authority will not lease any real estate or personal property comprising a portion of the Authority System unless it determines, as evidenced by a certificate of an Authorized Officer filed with the Trustee, that the lease will not materially adversely affect its ability to comply with the requirements of Section 708 (“Rate Covenant”) of the General Trust Indenture.

(c) Without intending to limit the foregoing, but subject to the requirements of the Code with respect to Tax-Exempt Bonds or Tax Advantaged Bonds, the Authority also may enter into contracts or other forms of agreement for the use of any real estate comprising a portion of the Authority System including, but not limited to, rights-of-way for telephone, telegraph, optic fiber and other forms of communication, electric, gas transmission and other lines, towers, or facilities for utilities, and other uses that do not materially adversely affect the operation of the Authority System and the payments received in connection with the same shall, to the extent permitted by law, constitute Authority System Revenue. The Authority also covenants to ensure that all necessary real property filings will be made in connection with any lease or other agreement relating to the use of real estate comprising a portion of the System to protect the interest of the Authority in that property.

Maintenance of Corporate Existence. To the extent permitted by law, the Authority covenants and agrees that it will maintain its corporate existence and will not merge with or into any other entity in a manner that will materially and adversely affect its ability to comply with its obligations under the General Trust Indenture, all Series Trust Indentures and all Supplemental Trust Indentures and, to the extent permitted by law, any successor entity must assume all of the obligations of the Authority under the General Trust Indenture, all Series Trust Indentures and all Supplemental Trust Indentures and all other applicable agreements, including, without limitation, the Lease Agreement, the Development Agreement and the Interlocal Agreement.

Tax Covenants. The Authority covenants that it shall not take any action, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or inaction would (i) adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds under Section 103 of the Code or (ii) would result in a failure to comply with any requirements of the Code with respect to any Tax Advantaged Bonds.

Covenants of Development Agreement. Unless consent to an amendment is obtained in the same manner provided, or as otherwise permitted, for the amendment of the General Trust Indenture under Article IX, the Authority shall not consent to any material modification to, permit any material failure to comply with, or fail to pursue any remedies available for any material failure of compliance with:

(a) the following provisions of the Development Agreement:

11.3.2. Toll Covenant. Subject to review by credit rating agencies, U.S. Department of Transportation (in connection with any TIFIA loans) and any provider of credit enhancement, KPTIA and IFA agree, so long as any Party shall have outstanding financial obligations related to the construction or financing of the Project (including any toll revenue bonds, TIFIA loans, availability payment obligations, or other financial obligations under a Public Private Agreement) to set and maintain toll rates and charges in each State fiscal year such that:

11.3.2.1 The Kentucky Revenue Share shall be not less than the amount required each year to pay all debt service and other funding obligations of KPTIA under the Kentucky Revenue Bond Indenture and to meet the Rate Covenant in the form of Section 708 of the Kentucky Revenue Bond Indenture.

(b) the following provision of Resolution TB-2013-2 of the Tolling Body adopted on September 11, 2013:

9. The Tolling Body does here by resolve, pledge to, and agree with KPTIA and the holders of any toll revenue bonds or other obligations authorized by the 2013 KPTIA Indenture including TIFIA, related to the Project, that the Tolling Body will (a) take all actions necessary and convenient to permit KPTIA to fulfill the terms of Section 708 of the 2013 KPTIA Trust Indenture, and (b) not limit or alter the rights and powers vested in KPTIA to fulfill the terms of Section 708 of the KPTIA Trust Indenture.

SUPPLEMENTAL TRUST INDENTURES

Supplemental Trust Indentures Effective Without Consent of Bondholders. Notwithstanding any other provision of Article VIII of the General Trust Indenture (“Supplemental Trust Indentures”) of the General Trust Indenture, or Article IX (“Amendments of General Trust Indenture and Series Trust Indentures”) of the General Trust Indenture, the Authority may execute and deliver at any time from time to time Supplemental Trust Indentures for any one or more of the following purposes, and any such Supplemental Trust Indentures shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer:

(a) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the General Trust Indenture;

(b) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(c) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Trust Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the General Trust Indenture;

(d) To confirm as further assurance any pledge under and the subjection to any lien, claim or pledge created or to be created by the provisions of the General Trust Indenture;

(e) To obtain or maintain any ratings on any Bonds from any Rating Agency;

(f) To provide for the issuance of additional Bonds, including (without limitation) any modifications or amendments required to grant to or otherwise secure for the Holders of such Bonds a parity interest in the security granted to the Holders of any then Outstanding Bonds in accordance with Section 204 ("Conditions to Issuance of Bonds") of the General Trust Indenture or to authorize any Subordinate Bonds in accordance with Section 205 ("Conditions to Issuance of Subordinate Bonds and Bond Anticipation Obligations") of the General Trust Indenture;

(g) To modify any of the provisions of the General Trust Indenture or any Series Trust Indenture in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of execution and delivery of such Series Trust Indentures or Supplemental Trust Indenture shall cease to be Outstanding, and all Bonds issued under such Series Trust Indentures or Supplemental Trust Indentures shall contain a specific reference to the modifications contained in such subsequent Series Trust Indentures or Supplemental Trust Indentures;

(h) To preserve the excludability from gross income for federal income tax purposes of the interest paid on any Tax-Exempt Bonds or the qualification of any Tax-Advantaged Bonds theretofore issued under the General Trust Indenture;

(i) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the General Trust Indenture or to insert such provisions clarifying matters or questions arising under the General Trust Indenture or any Series Trust Indenture as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with the General Trust Indenture or any Series Trust Indenture as theretofore in effect;

(j) For any other purpose provided that any such amendment or modification will not materially adversely affect the rights of any Bondholders and, if the modifications affect a holder of TIFIA Bonds, the Authority delivers to the Trustee a

Counsel's Opinion or written report from the Traffic Consultant, which opinion or report confirms or demonstrates that such amendment or modification will not materially adversely affect the rights of such Bondholder; or

(k) To make any other change, provided that the Trustee shall have received (i) consent to such change from the TIFIA Bondholder and (ii) evidence satisfactory to the Trustee that such amendment or modification will not, in and of itself, cause any withdrawal or reduction in the ratings then borne by any Outstanding Bonds.

A Supplemental Trust Indenture for the purposes described above shall be effective upon the execution thereof by the Authority and the Trustee and delivery thereof to the Trustee.

Supplemental Trust Indentures Effective With Consent of Bondholders. In addition to modifications or amendments permitted by Section 801 ("Supplemental Trust Indentures Effective Without Consent of Bondholders") of the General Trust Indenture, the provisions of the General Trust Indenture or any Series Trust Indenture may also be modified or amended at any time or from time to time by a Supplemental Trust Indenture, subject to the consent of the Bondholders in accordance with and subject to the provisions of Article IX ("Amendments of General Trust Indenture and Series Trust Indentures") of the General Trust Indenture.

AMENDMENTS OF GENERAL TRUST INDENTURE AND SERIES TRUST INDENTURES

Powers of Amendment. Subject to the terms of the TIFIA Loan Agreement for so long as it remains in effect, any modification or amendment of the General Trust Indenture or any Series Trust Indenture and of the rights and obligations of the Authority and of the Holders of the Bonds in any particular Supplemental Trust Indenture pursuant to Section 802 ("Supplemental Trust Indentures Effective With Consent of Bondholders") of the General Trust Indenture, may be made by a Supplemental Trust Indenture, with the written consent given as provided in Section 902 ("Consent of Bondholders") of the General Trust Indenture, (a) of the Holders of at least fifty-one percent (51%) in principal amount of the Bonds Outstanding at the time such consent is given, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, with Accreted Value being treated as "principal" for purposes of making such determination; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this paragraph; and provided, further, no such modification or amendment (i) shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount, the Accreted Value or the Redemption Price or purchase price thereof or in the rate of interest thereon without the written consent of such Bondholder, or (ii) shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or (iii) shall permit the creation of a claim or lien upon, or a pledge of, the Trust Estate ranking prior to or on a parity with the claim, lien and pledge created by the General Trust Indenture as security as to a particular Tier other than as provided in the General Trust Indenture or any Series Trust Indenture, or a preference or priority of the Bonds of any Tier over any other Bonds of that

Tier or a reduction in the percentage of Bonds the consent of the Holders of which is required for any modification of the General Trust Indenture without the unanimous written consent of the Holders. For the purposes of this Section, a Series or Tier shall be deemed to be affected by a modification or amendment of the General Trust Indenture or any Series Trust Indenture if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series or Tier. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds of any particular Series or Tier or maturity would be adversely affected by any modification or amendment of the General Trust Indenture and any such determination shall be binding and conclusive on the Authority and all Holders. The Trustee may receive a Counsel's Opinion as conclusive evidence as to whether Bonds of any particular Series or Tier or maturity would be so affected by any such modification or amendment of the General Trust Indenture or any Series Trust Indenture.

Consent of Bondholders. The Authority may at any time adopt a Supplemental Trust Indenture making a modification or amendment permitted by the provisions of Section 802 ("Supplemental Trust Indentures Effective With Consent of Bondholders") of the General Trust Indenture to take effect when and as provided in this Section. A copy of such Supplemental Trust Indenture (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Authority to Bondholders (but failure to mail such copy and request shall not affect the validity of the Supplemental Trust Indenture when consented to as in this Section provided). Such Supplemental Trust Indenture shall not be effective unless and until (a) there shall have been filed with the Trustee (i) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 901 ("Powers of Amendment") of the General Trust Indenture and (ii) a Counsel's Opinion stating that such Supplemental Trust Indenture has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the General Trust Indenture, is authorized or permitted by the General Trust Indenture, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (b) a notice thereof shall have been mailed to all Holders. A certificate of the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 1202 ("Evidence of Signatures of Bondholders and Ownership of Bonds") of the General Trust Indenture shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Bondholder of the Bonds giving such consent and, anything in Section 1202 ("Evidence of Signatures of Bondholders and Ownership of Bonds") of the General Trust Indenture to the contrary notwithstanding, upon any subsequent Bondholder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Bondholder has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent Bondholder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee provided in this Section is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consent to the Supplemental Trust Indenture, the Trustee shall make and file with the Authority a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Trust Indenture (which may be referred to as a Supplemental Trust Indenture adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to in writing by the Holders of the required percentage of Bonds and

will be effective as provided in this Section, shall be given to Bondholders by the Authority by mailing such notice to Bondholders. A transcript, consisting of the papers required or permitted by this paragraph to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Trust Indenture making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the Holders of all Bonds.

Modifications by Unanimous Action. Notwithstanding anything contained in Article VIII (“Supplemental Trust Indentures”) of the General Trust Indenture or in the foregoing provisions of Article IX (“Amendments of General Trust Indenture and Series Trust Indentures”) of the General Trust Indenture, the rights and obligations of the Authority and of the Holders of the Bonds and the terms and provisions of the Bonds or of the General Trust Indenture or any Series Trust Indenture may be modified or amended in any respect upon the adoption of a Supplemental Trust Indenture by the Authority and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in Section 902 (“Consent of Bondholders”) of the General Trust Indenture except that no notice to Bondholders by mailing shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

DEFAULT AND REMEDIES

Events of Default. In addition to any events declared in a Series Trust Indenture to be an “Event of Default” on the Bonds, each of the following events has been declared an “Event of Default” under the General Trust Indenture:

- (a) The Authority shall default in the payment of any Principal Installment of or Redemption Price or purchase price, if any, on any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise;
- (b) Payment of any installment of interest on any Bond shall not be made when and as the same shall become due;
- (c) The Authority shall default in the payment of any Hedge Payment or any payment representing the reimbursement of a draw under a Credit Facility with respect to any Bond when and as the same shall become due;
- (d) If the Authority defaults in the observance and performance of any other of the covenants, conditions and agreements on the part of the Authority set forth in the General Trust Indenture, or the Transportation Cabinet fails to pay Rent under the Lease Agreement when and as the same shall become due, and such default or defaults have continued for a period of 60 days after the Authority has received from the Holders of not less than 25% in principal amount of the Outstanding Bonds a written notice specifying and demanding the cure of that default, however, (i) if the default in the observance and performance of any other of the covenants, conditions and agreements is capable of cure but one which cannot be completely remedied within the 60 days after written notice has been given, it shall not be an Event of Default with respect to the Bonds as long as the Authority or the Transportation Cabinet, as the case may be, has taken active steps within the 60 days after written notice has been given to remedy the default and is diligently pursuing that remedy, provided such failure to comply is cured within 180 days of the first occurrence of such failure; and (ii) as provided in Section 708(d), the failure of the

System in any Fiscal Year to produce Authority System Revenue in the amounts sufficient to enable the Authority to comply with Section 708(a) shall not, in and of itself, constitute an Event of Default under the General Trust Indenture if the Authority complies with the provisions set forth in Section 708(d);

(e) If the Transportation Cabinet defaults in the observance and performance of any other of the covenants, conditions and agreements on the part of the Transportation Cabinet set forth in the Lease Agreement and such default or defaults have continued for a period of 60 days after the Authority has received from the Holders of not less than 25% in principal amount of the Outstanding Bonds, a written notice specifying and demanding the cure of that default, however, if the default in the observance and performance of any other of the covenants, conditions and agreements is one which cannot be completely remedied within the 60 days after written notice has been given, it shall not be an Event of Default with respect to the Bonds as long as the Authority and the Transportation Cabinet have taken active steps within the 60 days after written notice has been given to remedy the default and are diligently pursuing that remedy; or

(f) The occurrence of a Bankruptcy Related Event.

Remedies.

(a) Unless otherwise provided in a Series Trust Indenture upon the happening and continuance of any Event of Default specified in subsections (a), (b), (c), or (f) of Section 1002 (“Events of Default”) of the General Trust Indenture, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in subsection (d) or (e) of Section 1002 (“Events of Default”) of the General Trust Indenture, the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds shall proceed, in its own name, subject to the provisions of Section 1003 (“Remedies”) of the General Trust Indenture, to protect and enforce its rights and the rights of the Bondholders by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in the General Trust Indenture or in aid of the execution of any power granted in the General Trust Indenture or in the Act or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by its counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under the General Trust Indenture or any Series Trust Indenture; provided that the exercise of any rights and remedies under the TIFIA Loan Agreement shall be directed solely by the TIFIA Bondholder.

(b) In the enforcement of any rights and remedies under the General Trust Indenture or any Series Trust Indenture, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due and unpaid from the Authority for principal, Redemption Price, purchase price, interest or otherwise, under any provision of the General Trust Indenture or any Series Trust Indenture or of the Bonds, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the General Trust Indenture and

under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Authority, but solely as provided in the General Trust Indenture or the applicable Series Trust Indenture and in the Bonds for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from moneys in the Debt Service Fund) in any manner provided by law, the moneys adjudged or decreed to be payable.

(c) Upon the occurrence of any Event of Default under the General Trust Indenture, the Trustee may request the Authority to transfer to its custody (to be held in trust for the Bondholders) amounts on deposit in the Project Fund, and the Authority shall promptly provide for such transfer.

Priority of Payments After Default. In the event that upon the happening and continuance of any Event of Default, the funds held by the Fiduciaries shall be insufficient for the payment of any Principal Installment or Redemption Price or purchase price, if any, and interest then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other moneys received or collected by the Trustee acting pursuant to the Act and the General Trust Indenture (“Default and Remedies”) of the General Trust Indenture, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the fees, charges and expenses and liabilities incurred and advances made by the Fiduciaries in the performances of their respective duties under the General Trust Indenture or any Series Trust Indenture, shall be applied in the following order of priority:

FIRST, to the payment of the fees, charges, expenses, advances and compensation of the Trustee and the charges, expenses, counsel fees, disbursements and compensation of its agents and attorneys;

SECOND, to the payment to the persons entitled thereto of all installments of interest past due or coming due on the Outstanding First Tier Bonds in the following six months in the order of maturity of those installments within the First Tier Bonds and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference within the First Tier Bonds;

THIRD, to the payment to the persons entitled thereto of the unpaid principal amounts of any Outstanding First Tier Bonds which shall have become due or which will become due in the following six months (other than Outstanding First Tier Bonds previously called for redemption for the payment of which sufficient money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference;

FOURTH, to the payment to the persons entitled thereto of all installments of interest past due or coming due on the Outstanding Second Tier Bonds in the following six

months in the order of maturity of those installments within the Second Tier Bonds and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference within the Second Tier Bonds;

FIFTH, to the payment to the persons entitled thereto of the unpaid principal amounts of any Outstanding Second Tier Bonds which shall have become due or which will become due in the following six months (other than Outstanding Second Tier Bonds previously called for redemption for the payment of which sufficient money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference;

SIXTH, to the payment to the persons entitled thereto of all installments of interest past due or coming due on the Outstanding Third Tier Bonds in the following six months in the order of maturity of those installments within the Third Tier Bonds and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference within the Third Tier Bonds;

SEVENTH, to the payment to the persons entitled thereto of the unpaid principal amounts of any Outstanding Third Tier Bonds which shall have become due or which will become due in the following six months (other than Outstanding Third Tier Bonds previously called for redemption for the payment of which sufficient money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference;

EIGHTH, to the payment of Subordinate Bonds coming due in the following six months;

NINTH, for continued application to the purposes and in the priority described in (FIRST) through (EIGHTH) above.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of Section 1004 ("Priority of Payments After Default") of the General Trust Indenture, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future. The deposit of such moneys with the Fiduciaries, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Authority, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with

such provisions of the General Trust Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be a Bond Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the Bondholder of any unpaid Bond other than a TIFIA Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Notice of Event of Default. The Trustee shall give to the Bondholders notice of each Event of Default under the General Trust Indenture known to the Trustee within thirty (30) days after knowledge of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the Principal Installment of or Redemption Price, if any, or interest on any of the Bonds, the Trustee shall be protected in withholding such notice, if any, so long as the Trustee in good faith determines that the withholding of such notice is in the interest of the Bondholders; provided further, that no such notice shall be withheld with respect to the TIFIA Bondholder. Each such notice of Event of Default shall be given by the Trustee by mailing written notice thereof: (i) to all Holders, as the names and addresses of such Holders appear upon the books for registration and transfer of Bonds as kept by the Trustee; (ii) to such Bondholders as have filed their names and addresses with the Trustee for that purpose; and (iii) to such other persons as is required by law.

Limitation on Rights of Bondholders. No Bondholder shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any right under the General Trust Indenture or any Series Trust Indenture or any right under the law unless such Bondholder shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the cost, expenses and liabilities to be incurred therein or thereby (provided that in any case where the TIFIA Bondholder would be required to provide indemnification in favor of the Trustee, such indemnification shall, to the extent permitted by law, be provided by the Authority), and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under the General Trust Indenture or any Series Trust Indenture or for any other remedy hereunder or under law; provided that the exercise of any rights and remedies under the TIFIA Loan Agreement shall be directed solely by the TIFIA Bondholder. Except and to the extent set forth in the preceding sentence with respect to the TIFIA Loan Agreement, it is understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the General Trust Indenture or any Series Trust Indenture, or to enforce any right hereunder or under law with respect to the Bond or the General Trust Indenture or any Series Trust Indenture, except in

the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Holders. Nothing in the General Trust Indenture contained shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on its Bonds, or the obligation of the Authority to pay the principal of and interest on each Bond issued hereunder to the Bondholder thereof at the time and place stated in said Bond.

Anything to the contrary notwithstanding contained in this Section, or any other provision of the General Trust Indenture or any Series Trust Indenture, each Bondholder by their acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under the General Trust Indenture or any Series Trust Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable cost of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph shall not apply to any suit instituted by the Trustee or the TIFIA Bondholder, to any suit instituted by any Bondholder, or group of Bondholders, holding at least twenty-five percent (25%) in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholders for the enforcement of the payment of the principal of, Redemption Price of, purchase price of, or interest on any Bond on or after the respective due date thereof expressed in such Bond.

TIFIA Bond Default Remedy. Upon the occurrence of an Event of Default described in Section 1002(f) ("Events of Default") of the General Trust Indenture, any then Outstanding TIFIA Bond will be deemed to be and will automatically become a First Tier Bond for all purposes of the General Trust Indenture, and, the TIFIA Bondholder will be deemed to be the Bondholder of a First Tier Bond for purposes of the pledge of the Trust Estate set forth herein; provided that amounts on deposit in the Proceeds Subaccount of the First Tier Debt Service Reserve Account shall continue to be applied only to the payment of First Tier Bonds that are not TIFIA Bonds. Thereafter, (i) amounts on deposit and to be deposited in the Revenue Subaccount of the First Tier Debt Service Account shall be applied to the payment of the principal of and interest on TIFIA Bonds on the same basis as payment of principal of and interest on other First Tier Bonds and (ii) any amounts on deposit for the payment of Second Tier Bonds, other Third Tier Bonds or Subordinate Bonds in the related Debt Service Account shall be used to pay, to the extent not otherwise paid, the scheduled payment of amounts then due (without regard to any acceleration) on the First Tier Bonds, including TIFIA Bonds, prior to the payment of amounts due on such Second Tier Bonds, other Third Tier Bonds or Subordinate Bonds. In addition, after TIFIA Bonds become First Tier Bonds, no further deposits shall be made to a Third Tier Debt Service Reserve Account established for the purpose of paying the principal of and interest such TIFIA Bonds unless a deposit to the Third Tier Debt Service Reserve Account is necessary to reimburse a Credit Provider for a draw on a Credit Facility.

CONCERNING THE FIDUCIARIES

Responsibility of Fiduciaries. The recitals of fact contained in the General Trust Indenture and in the Bonds shall be taken as the statements of the Authority and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the General Trust Indenture or of any Bonds

issued thereunder or in respect of the security afforded by the General Trust Indenture, and no Fiduciary shall incur any responsibility in respect thereof. The Trustee shall, however, be responsible for its representation contained in the Certificate of Authentication executed by it on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the Authority. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified. No Fiduciary shall be liable in connection with the performance of its duties under the General Trust Indenture except for its own negligence or willful misconduct.

Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by the General Trust Indenture or any Series Trust Indenture by giving not less than sixty (60) days' written notice to the Authority and by mailing notice (specifying the date such resignation is to take effect) through regular United States mail, postage prepaid, to each Bondholder, and such resignation shall take effect upon the day specified in such notice unless (i) no successor has been appointed as provided in Section 1109 ("Remedies Not Exclusive") of the General Trust Indenture, or (ii) previously a successor shall have been appointed, as provided in Section 1109 ("Remedies Not Exclusive") of the General Trust Indenture, in which event such resignation shall take effect immediately on the appointment of such successor.

Removal of Trustee. The Trustee may (so long as no Event of Default has occurred and is continuing) and, if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Authority, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Authority, shall, be removed by the Authority by an instrument or concurrent instruments in writing, filed with the Trustee and the Authority and signed by the Authority or the Holders, as appropriate. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the General Trust Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Authority or the Holders of not less than ten percent (10%) in aggregate principal amount of Outstanding Bonds. No such removal will be effective until a successor Trustee has been appointed and assumed the duties of Trustee as provided in Section 1109 ("Remedies Not Exclusive") of the General Trust Indenture.

Appointment of Successor Trustee. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Authority covenants and agrees that it will thereupon appoint a successor Trustee. The Authority shall provide notice to the Bondholders of any such appointment made by it within twenty (20) days after such appointment.

If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the Authority written notice, as provided in Section 1107 ("Resignation of Trustee") of the General

Trust Indenture, or after a vacancy in the office of the Trustee shall have occurred by reason of its removal or inability to act, the Trustee or the Bondholder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee appointed under the provision of this Section 1109 ("Appointment of Successor Trustee") of the General Trust Indenture in succession to the Trustee shall be a trust company or bank having the powers of a trust company within or outside the Commonwealth, having a capital and surplus aggregating at least One Hundred Million Dollars (\$100,000,000) if there be such a trust company or bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all duties imposed upon it by the General Trust Indenture or any Series Trust Indenture.

MISCELLANEOUS

Defeasance.

(a) If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to Holders of the Bonds, such amounts as will, taking into account the investment earning therefrom, fully provide for all of the principal and interest and Redemption Price, if any, to become due on a particular Series of Bonds, at the times and the manner stipulated therein and in the General Trust Indenture or any Series Trust Indenture, and if the obligations of all Credit Providers under Credit Facilities and Reimbursement Agreements and Hedge Providers under Hedge Facilities related to those Series of Bonds have been fully paid and provided for, then and in that event as to that particular Series of Bonds the General Trust Indenture or any Series Trust Indenture shall cease, determine, and become null and void, and the covenants, agreements and other obligations of the Authority under the General Trust Indenture shall be satisfied and discharged for that particular Series of Bonds, and in such event, the Trustee shall, upon the request of the Authority, execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Authority all moneys or securities held by them pursuant to the General Trust Indenture or any Series Trust Indenture in respect of such Series of Bonds which are not required for the payment or redemption of such Series of Bonds not theretofore surrendered for such payment or redemption.

(b) Bonds or interest installments of a particular Series of Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by Fiduciaries (through deposit by the Authority of funds for such payment or redemption or otherwise) shall, at the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section. Bonds of a particular Series shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section ("Defeasance") of the General Trust Indenture if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice of redemption in the manner prescribed in the applicable Series Trust Indenture, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations, the principal of and the

interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if any, and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not subject to redemption within the next 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to notify the Holders of such Bonds of such redemption in the manner provided in the applicable Series Trust Indenture for giving notice of redemption. Neither Defeasance Obligations or moneys deposited with the Trustee pursuant to this Section nor principal, Redemption Price or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Redemption Price and interest on said Bonds.

(c) Anything in the General Trust Indenture or any Series Trust Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for four (4) years after the date when all of the Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such monies were held by the Fiduciary at such date, or for four (4) years after the date of deposit of such monies with the Fiduciary after said date when all of the Bonds became due and payable, shall, subject to the provisions of Article VI ("Redemption of Bonds") of the General Trust Indenture, at the written request of the Authority, be repaid by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged.

Conflicts with Development Agreement. Should any conflict exist between the terms of the Development Agreement and the terms of the General Trust Indenture or any Series Trust Indenture, the Authority shall comply with the terms of the General Trust Indenture and the Series Trust Indenture and, in accordance with the terms of the Development Agreement, resolve such conflict by amending or supplementing the Development Agreement or, if necessary, pursuing the dispute resolution provisions of the Development Agreement.

No Recourse Under General Trust Indenture, any Series Trust Indenture or on Bonds. All covenants, stipulations, promises, agreements and obligations of the Authority contained in the General Trust Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any member, officer, director or employee of the Authority in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on the General Trust Indenture or any Series Trust Indenture against any member, officer, director or employee of the Authority or any natural person executing the Bonds.

Governing Law. The General Trust Indenture shall be deemed to be an agreement made under the laws of the Commonwealth and for all purposes shall be governed by and construed in accordance with the laws of the Commonwealth.

APPENDIX C

SUMMARY OF LEASE

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LEASE

The Lease contains various covenants, security provisions, terms and conditions, certain of which are summarized below. The descriptions in this Appendix C do not purport to be comprehensive or definitive. Reference is made to the Lease for a full and complete statement of its provisions. All references herein to the various financing documents are qualified in their entirety by reference to each such document, copies of which are available for review prior to the issuance and delivery of the Bonds at the offices of the Authority and thereafter at the offices of the Trustee.

LEASE OF AUTHORITY SYSTEM BY CABINET FROM AUTHORITY; INITIAL TERMS; OPTIONAL RENEWALS; RENT

Lease of Authority System by Cabinet From Authority; Optional Renewals. The Cabinet hereby leases from the Authority, and the Authority hereby leases to the Cabinet, all of the properties, facilities and appurtenances constituting the Authority System, for an initial term ending June 30, 2014, with the right and privilege by the Cabinet to continue to lease and have the Authority System for succeeding biennial periods if the Cabinet exercises its option to renew the Lease granted in the Lease.

Rent. The Cabinet covenants and agrees to pay, upon notice from the Trustee in accordance with Section 504 (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture, “Rent” for the term of the Lease and during any Renewal Term, as follows:

(i) No later than 180 days after a request therefor has been provided to the Transportation Cabinet in accordance with Section 509 (“Tolling O&M Reserve Fund”) of the General Trust Indenture, the amount required to permit the Trustee to make the deposits in the Tolling O&M Reserve Fund required by Section 504(g) (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture so that after any such payment of Rent and deposit, the balance in the Tolling O&M Reserve Fund will be no less than the Tolling O&M Reserve Fund Requirement; and

(ii) No later than 120 days after a request therefor has been provided to the Transportation Cabinet in accordance with Section 510 (“General O&M Reserve Fund”) of the General Trust Indenture, the amount required to permit the Trustee to make the deposits in the General O&M Reserve Fund required by Section 504(h) (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture so that after any such payment of Rent and deposit, the balance in the General O&M Reserve Fund will be no less than the General O&M Reserve Fund Requirement; and

(iii) No later than August 1 of the next even numbered year after a request therefor has been provided to the Transportation Cabinet in accordance with Section 511 (“M&R Reserve Fund”) of the General Trust Indenture, the amount required to permit the Trustee to make the deposits in the M&R Reserve Fund required by Section 504(i) (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture so that after any such payment of Rent and deposit, the balance in the M&R Reserve Fund will be no less than the M&R Reserve Fund Requirement.

Option to Renew. The Authority hereby grants unto the Cabinet an exclusive option to renew the Lease for successive ensuing Renewal Terms, commencing July 1 in each even-numbered year, and ending June 30 in the next ensuing even-numbered year, and the last Renewal Term shall end on the June 30 immediately following the final maturity date of the Bonds to be issued by Authority for the Project; and for each such Renewal Term, if renewed therefor, the Cabinet shall cause to be paid to the Authority, the Rent for such Renewal Term, payable from amounts budgeted, if any, in the Road Fund budget of the Commonwealth for such purpose.

Option to Renew Deemed Automatically Exercised; Election Not to Renew. Each of the successive options to renew may be exercised for the succeeding Renewal Term at any time after the adjournment of the Session of the General Assembly of the Commonwealth at which appropriations shall have been made for the operation of the state government for each succeeding Renewal Term by notifying the Authority in writing, signed by the Secretary of the Cabinet and delivered to the Authority; provided, however, that such option shall in each instance be deemed automatically exercised, and the Lease automatically renewed for the succeeding Renewal Term, effective on the first day thereof, unless a written notice of the election of the Cabinet not to renew, signed by the Secretary of the Cabinet shall have been delivered to the Authority before the close of business on the last business day in April, immediately preceding the beginning of such succeeding renewal term.

Additional Rent. The Cabinet covenants and agrees to pay “Additional Rent” for the term of the Lease and during any Renewal Term, as follows:

(i) To the Trustee, when due, all fees of the Trustee for services rendered, all fees and charges of any paying agent, counsel, accountants, and others incurred in the performance on request of the Trustee of services for which the Trustee and such other persons are entitled to payment or reimbursement; and

(ii) To the Authority, upon demand, all reasonable expenses incurred by it in relation to the Authority System which are not otherwise required to be paid by the Authority under the terms of the Lease.

Authority System as Part of the Commonwealth’s System of Highways. The Cabinet acknowledges that the Authority System is a part of the Kentucky state primary road system to be maintained by the Department of Highways as described in KRS 177.020(1) and that, in the event that Toll Revenue is insufficient to maintain the Authority System, the Cabinet will maintain it in compliance with its obligation under KRS 176.050(1)(a) to investigate all problems relating to the construction and maintenance of roads in the state.

Completion of Project. Based upon the estimates of its engineers and the contract prices proposed to the Transportation Cabinet, the Transportation Cabinet and the Authority believe that sufficient funds will be available to complete the Project with (i) appropriated funds, (ii) proceeds of bonds payable from federal highway trust funds (“GARVEE bonds”), (iii) proceeds of the TIFIA Loan and (iv) proceeds of the Bonds (all the foregoing, collectively, the “Current Funding Sources”). Nevertheless, the Transportation Cabinet and the Authority acknowledge that unexpected or unforeseen circumstances could result in additional unanticipated costs (the

“Additional Costs”) that exceed amounts available from the Current Funding Sources. If the Current Funding Sources are not sufficient to complete the Project in a timely manner, then, until the Project is complete, the Transportation Cabinet, on each and every occasion when appropriations bills are prepared for introduction in the various successive Sessions of the General Assembly of the Commonwealth, cause to be included in the appropriations proposed to be made for the Transportation Cabinet, (i) authorization for the issuance of additional GARVEE bonds to pay the Additional Costs or (ii) sufficient amounts (over and above all other requirements of the Transportation Cabinet), which will enable the Transportation Cabinet to pay the Additional Costs anticipated to be incurred during the applicable budget period (not funded by the proceeds of GARVEE bonds) and thereby provide to the Authority moneys sufficient for the payment of the Additional Costs to be incurred during such budget period (the proceeds of GARVEE bonds, authorized but unissued GARVEE bonds and additional appropriations hereafter being referred to as “Additional Funding Sources”).

The Additional Funding Sources may include any of the following:

- (i) GARVEE bonds;
- (ii) federal highway funds; and
- (iii) amounts available in the Road Fund of the Commonwealth.

The Authority shall provide notice and documentation of the need for Additional Funding Sources as soon as such need comes to the attention of the Authority and in any event no later than October 1 of the year prior to the effective date of the Budget Act that is to include authorization of the Additional Funding Sources. Any such request shall be accompanied by a certificate of a Consulting Engineer stating that in its opinion, the Additional Funding Sources are reasonably necessary in order to assure that funds will be available, as needed, to complete the Project in a timely manner.

Payments of Completion Costs Constitute Loans. Any amounts from the Road Fund that are applied as additional funding under Section 4.07 (“Completion of Project”) of the Lease shall constitute a loan to the Authority from the Transportation Cabinet in an amount equal to such additional funding. Such loan is payable to the Transportation Cabinet with interest thereon at the rate of annual interest equal to five percent. The amounts payable by the Authority in accordance with Article IV (“Application of Bond Proceeds”) of the General Trust Indenture shall be payable solely from the Pledged Receipts and shall be due in amounts available to make such payments in accordance with the provisions of Section 504 (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture in the same manner as the repayment of Lease Payments; provided that, such loan repayment shall be reduced by any amounts received by the Transportation Cabinet from proceeds of claims made under performance bonds or other similar arrangements that are related to the Project.

**CABINET TO HAVE PEACEFUL POSSESSION SO
LONG AS THE LEASE IS IN FULL FORCE AND EFFECT**

Authority covenants that during the initial term of the Lease and during each successive optional Renewal Term for which the Lease may be renewed, provided no event of default shall

have occurred and be continuing under the Lease, the Authority shall maintain the Cabinet in peaceful possession and enjoyment of the Authority System.

**CABINET TO REQUIRE SUFFICIENT
AMOUNTS IN APPROPRIATIONS BILLS IN ORDER
FOR RENTAL PAYMENTS TO BE MADE**

The Cabinet has covenanted and agreed that (i) on each and every occasion when appropriations bills are prepared for introduction in the various successive Sessions of the General Assembly of the Commonwealth after a request therefor has been provided to the Transportation Cabinet in accordance with Sections 509 (“Tolling O&M Reserve Fund”) or 510 (“General O&M Reserve Fund”) of the General Trust Indenture and (ii) no later than October 1 of the next odd numbered year after a request therefor has been provided to the Transportation Cabinet in accordance with Sections 511 (“M&R Reserve Fund”) of the General Trust Indenture, the Lessee will cause to be included in the appropriations proposed to be made for the Cabinet, an amount sufficient (over and above all other requirements of the Cabinet), to enable the Cabinet to pay the Rent and Additional Rent due or to become due during the effective period of the applicable Budget Act, and thereby provide to the Authority moneys sufficient for the deposit of amounts required by Sections 504(g), (h) and (i) (“Application of Amounts in the Authority System Revenue Fund”) of the General Trust Indenture (the “Required Deposits”); provided that, so long as the Authority System Budget for the applicable period does not identify Rent as a source of the Required Deposits or the Cabinet has not determined to pay Rent, the Cabinet shall not be required to include amounts related to Rent in the appropriations proposed to be made for the Cabinet unless, notwithstanding such Authority System Budget, the Authority or the Cabinet has determined that the Trustee will not have sufficient funds to make the Required Deposits if Rent is not paid.

EVENTS OF DEFAULT AND REMEDIES

Each of the following events has been defined and shall constitute an “event of default” under the Lease:

(i) default in the due and punctual payment of any Rent, provided that failure to pay Rent shall not constitute an event of default if (a) the Budget Act then in effect does not include an appropriation to pay such Rent, (b) the Cabinet is in compliance with the requirements of Article VIII (“Cabinet to Require Sufficient Amounts in Appropriations Bills in Order For Rental Payments To Be Made”) of the Lease and (c) such payment of Rent is made within thirty (30) days of the effective date of the Budget Act appropriating such Rent, provided further that such failure to pay Rent shall be an event of default if the session of the General Assembly of the Commonwealth related to the requirements of Article VIII (“Cabinet to Require Sufficient Amounts in Appropriations Bills in Order For Rental Payments To Be Made”) of the Lease (has ended without adoption of a Budget Act including the appropriation required to pay Rent; or

(ii) default in the performance of any of the covenants, terms, and conditions of the Lease, other than as stated in clause (i) above, and failure to remedy such default

within thirty (30) days after written receipt thereof if the default relates to matters other than the payment of Rent (but the Cabinet shall not be deemed to be in default if Cabinet commences to remedy said defaults within said thirty (30) day period, and proceeds to and does remedy said default with due diligence).

If an event of default occurs, the Authority, in addition to all other remedies given to the Authority at law or in equity, may by written notice to the Cabinet terminate the Lease or, without terminating the Lease, take possession (actually or constructively) of the Authority System. In such event, the Authority may sublet the Authority System or portions thereof, and in the event of a reletting may apply the rent therefrom first to the payment of the Authority's expenses incurred by reason of the Cabinet's default, and the expense of reletting, including but not limited to any repairs, renovation or alteration of the Authority System, and then to the payment of Rent, Additional Rent and all other sums due from the Cabinet under the Lease; provided, that prior to any such subletting or reletting, the Authority shall deliver to the Trustee an opinion of nationally recognized bond counsel to the effect that such subletting or reletting does not cause the interest on any Outstanding Tax-Exempt Bonds, as defined in the General Trust Indenture, to be includible in gross income of the owners thereof for federal income tax purposes or would not result in a failure to comply with any requirements of the Code with respect to any Tax Advantaged Bonds, as defined in the General Trust Indenture. All remedies available to the Authority are declared to be cumulative and concurrent. No termination of the Lease nor any taking or recovering of possession of the Authority System shall deprive the Authority of any of its remedies or actions against the Cabinet.

TAX COVENANTS

Tax Covenants Generally. To the full extent that it has the legal right to do so, the Cabinet agrees to all of the provisions of the General Trust Indenture authorizing the Bonds; and agrees that it will neither take any action nor omit to take any action which taking or omission would result in the interest on any Tax-Exempt Bonds being or becoming includible in gross income for federal income tax purposes or would result in a failure to comply with any requirements of the Code with respect to any Tax Advantaged Bonds.

No Private Activity Bonds. It is agreed that nothing has been done or will be done by either the Authority or the Cabinet which will cause the Bonds to be private activity bonds within the meaning of Section 141 of the Code, including performance of any of the covenants contained in the Lease.

Permitted Private Use. To assure that interest on Tax-Exempt Bonds will be and remain excludible from gross income for federal income tax purposes and that the requirements of the Code with respect to any Tax Advantaged Bonds will continue to be satisfied, the Cabinet hereby represents and covenants, for the benefit of and reliance on by the Authority, the Trustee, and the owners of the Bonds, that no portion of the Project shall be used directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public ("private use"), unless (i) the private use was reasonably described or contemplated pursuant to the Federal tax certificate delivered by the Authority and the Cabinet in connection with the original issuance of such Tax-Exempt Bonds or Tax Advantaged Bonds or

(ii) the Trustee has received an opinion of nationally recognized bond counsel that the private use does not cause the interest on such Tax-Exempt Bonds to be includible in gross income of the owners thereof for federal income tax purposes or cause a failure to comply with the requirements of the Code with respect to any Tax Advantaged Bonds.

If private use of any portion of the Project is permitted under the preceding paragraph, the Cabinet shall not accept or receive any direct or indirect payment from any person, other than a state or local governmental unit (unless such payment is itself received from a person which is not a state or local governmental unit) or a member of the general public, unless (i) the payment was reasonably described or contemplated pursuant to the Federal tax certificate delivered by the Authority and the Cabinet in connection with the original issuance of such Tax-Exempt Bonds or (ii) the Trustee has received an opinion of nationally recognized bond counsel that the payment does not cause the interest on such Tax-Exempt Bonds to be includible in gross income of the owners thereof for federal income tax purposes.

SECURITY AND ASSIGNMENT

Security. The Lease secures the payment of all Rent and Additional Rent under the Lease and the application thereof as provided in the General Trust Indenture.

The Lease is given subject to all of the terms, conditions and provisions of the General Trust Indenture. If any conflict should exist between the provisions of the Lease and the General Trust Indenture, the provisions of the General Trust Indenture shall prevail.

Assignment. All right, title and interest of the Authority in and to the Lease and the Rent, if any, and the Additional Rent payable under the Lease, may be assigned and pledged by the Authority to the Trustee for the security and benefit of the owners of the Bonds.

PAYMENTS OF RENT CONSTITUTE LOANS

Each payment of Rent and Additional Rent by the Transportation Cabinet hereunder shall constitute a loan to the Authority from the Transportation Cabinet in an amount equal to such payment. Each such loan shall be repayable by the Authority to the Transportation Cabinet with interest thereon at the rate of annual interest equal to five percent. The amounts payable by the Authority shall be payable solely from the Pledged Receipts and shall be due in amounts available to make such payments in accordance with the provisions of Section 504 of the General Trust Indenture as repayment of Lease Payments.

AMENDMENT OF LEASE

The Lease may be amended or supplemented from time to time by a writing duly executed by the parties hereto with written notice to the Trustee; subject, however, to the condition that any such amendment or supplement shall be consistent with the terms and conditions of the General Trust Indenture and shall not diminish the Rent payable under the provisions of the Lease for so long as Bonds are Outstanding.

TOLL RATE RESOLUTION

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RESOLUTION TB-2016-1

RESOLUTION OF TOLLING BODY AMENDING IN PART AND CONFIRMING IN PART PRIOR TOLL RATE RESOLUTION AND CONFIRMING INITIAL TOLL RATES

WHEREAS, the State of Indiana and the Commonwealth of Kentucky have jointly undertaken a project to improve cross river mobility over the Ohio River between Louisville and Southern Indiana, as authorized by the Federal Highway Administration in its revised Record of Decision ("ROD") dated June 20, 2012 (the "Project"); and

WHEREAS, the Indiana Finance Authority ("IFA") and the Indiana Department of Transportation ("INDOT") have been authorized to participate in the Project on behalf of the State of Indiana, and the Kentucky Public Transportation Infrastructure Authority ("KPTIA") and the Kentucky Transportation Cabinet ("KYTC") have been authorized to participate in the Project on behalf of the Commonwealth of Kentucky; and

WHEREAS, IFA and INDOT are referred to as the "Indiana Parties" and KPTIA and KYTC as the "Kentucky Parties"; and

WHEREAS, IFA, INDOT, KPTIA and KYTC (collectively the "States' Parties" and each individually a "State's Party") have (together with the Louisville and Southern Indiana Bridges Authority) entered into a Bi-State Development Agreement effective December 27, 2012 (the "Development Agreement") as well as an Interlocal Cooperation Agreement for the Design, Procurement, Construction, Financing, Tolling, Operation and Maintenance for the Louisville-Southern Indiana Ohio River Bridges Project effective as of December 17, 2012 (the "Interlocal Agreement"); and

WHEREAS, Kentucky and Indiana determined that the preferred approach for delivery of the Project was for each State to take the lead in overseeing and financing construction of roughly one-half of the Project, with Kentucky being responsible for financing and constructing the Downtown Crossing, and Indiana being responsible for financing and constructing the East End Crossing (as defined in the Development Agreement);

WHEREAS, both States will rely primarily on toll revenues generated by the Project to finance construction and operation of the Project and after obtaining and accepting an investment grade traffic and revenue report ("T&R Report") set initial toll rates to provide assurance that the financial obligations of the Project can be met in TB 2013-2 ("Prior Resolution");

WHEREAS, the initial toll rate categories were not fully defined at the time of the Prior Resolution and now they can be further clarified.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1. The initial toll rate schedule for the Project shall be as follows:

Initial Toll Rates			
	Passenger Vehicles	Medium Vehicles	Large Vehicles
Frequent User Discount Program	\$1.00	N/A	N/A
Transponder	\$2.00	\$5.00	\$10.00
Registered Video Account	\$3.00	\$6.00	\$11.00
Other Video	\$4.00	\$7.00	\$12.00

Vehicles shall be assigned to the above categories as indicated in the Business Rules.

2. Each of the above listed toll rates will increase annually, beginning July 1 of 2018 and thereafter on each July 1st for as long as tolls are in force, by the greater of the rate of inflation as measured by the Consumer Price Index or 2.50%.

3. The Tolling Body hereby determines, based on the information currently available to it, that these initial toll rates are sufficient to generate the revenue necessary to meet the requirements of the toll rate covenants as defined in Section 11.3.2 of the Development Agreement and clarified in Addendum #2 thereto and described below.

4. At all times, the rates and rate structure shall be set at a level necessary to generate sufficient revenue to meet the toll rate covenants. Subject to that limitation, changes may be necessary if called for by the Toll Policy Agreement or the Tolling Mitigation Plan being developed in accordance with the ROD.

5. The make-up of the toll rate categories identified in the Paragraph 1 shall be as indicated in Section 3 of the Business Rules and Operational Requirements, as updated from time to time pursuant to the Toll Policy Agreement.

Toll Rate Covenants

6. The Tolling Body, in accordance with (i) the Development Agreement, (ii) the KPTIA 2013 General Trust Indenture Securing Downtown Crossing Project Revenue Bonds, as finally approved and executed ("2013 KPTIA Trust Indenture"), (iii) those portions of the IFA Public-Private Agreement referenced in Section 11.3.2. of the Original Development Agreement, as well as the TIFIA loan agreement of KPTIA, shall, as long as either KPTIA or IFA has outstanding payment obligations related to the design construction, financing, operation and maintenance of the Project (including all obligations of KPTIA and IFA under the 2013 KPTIA Trust Indenture, Kentucky TIFIA loan agreements or the Public-Private Agreement), establish tolls at rates expected to be sufficient to meet each of the IFA Rate Covenant and the KPTIA Rate Covenant, as defined below.

7. KPTIA Rate Covenant: Toll rates shall be set so that the Kentucky Revenue Share, as defined in the Development Agreement and as mandated by the 2013 KPTIA Trust Indenture, is sufficient to meet the Rate Covenant set forth in Section 708 of the 2013 KPTIA Indenture.

8. IFA Rate Covenant: Subject to Section 11.7.3.2 of the Development Agreement as amended by Addendum #2 thereto, toll rates shall be set so that the Indiana Revenue Share (as defined in the Development Agreement) is in an amount at least equal to 100% of the aggregate amount of availability payments and other financial obligations due and payable during the following year under the Public-Private Agreement, during any period that availability payments and other financial obligations under the Public-Private Agreement, if any, remain outstanding.

Covenants of the Tolling Body

9. The Tolling Body does hereby resolve, pledge to, and agree with KPTIA and the holders of any toll revenue bonds or other obligations authorized by the 2013 KPTIA Indenture including TIFIA, related to the Project, that the Tolling Body will (a) take all actions necessary and convenient to permit KPTIA to fulfill the terms of Section 708 of the 2013 KPTIA Trust Indenture, and (b) not limit or alter the rights and powers vested in KPTIA to fulfill the terms of Section 708 of the 2013 KPTIA Trust Indenture.

10. Nothing in this document shall be interpreted to extend the obligations of the States' Parties beyond those stated in the Bi-State Development Agreement.

11. This Resolution shall take effect immediately upon its passage.

Dated this 11th day of May, 2016.

INDIANA FINANCE AUTHORITY

By: 
Dan Huge
Public Finance Director of the State of
Indiana

INDIANA DEPARTMENT OF
TRANSPORTATION

By: 
Tony McClellan
Designee of the Commissioner of the
Indiana Department of Transportation

KENTUCKY PUBLIC TRANSPORTATION
INFRASTRUCTURE AUTHORITY

By: William M. Landrum III
William M. Landrum III
Designee of the Chair of the Kentucky
Public Transportation Infrastructure
Authority

KENTUCKY TRANSPORTATION CABINET

By: Greg Thomas
Greg Thomas
Secretary of the Transportation Cabinet

INDIANA FINANCE AUTHORITY

By: Kerry M. Stemler
Kerry M. Stemler, Member

KENTUCKY PUBLIC TRANSPORTATION
INFRASTRUCTURE AUTHORITY

By: Dana Mayton
Dana Mayton, Member

RESOLUTION TB-2013-2

RESOLUTION OF TOLLING BODY SETTING INITIAL TOLL RATES IN ACCORDANCE WITH TOLL RATE COVENANTS ESTABLISHED IN THE DEVELOPMENT AGREEMENT

WHEREAS, the State of Indiana and the Commonwealth of Kentucky have jointly undertaken a project to improve cross river mobility over the Ohio River between Louisville and Southern Indiana, as authorized by the Federal Highway Administration in its revised Record of Decision ("ROD") dated June 20, 2012 (the "Project"); and

WHEREAS, the Indiana Finance Authority ("IFA") and the Indiana Department of Transportation ("INDOT") have been authorized to participate in the Project on behalf of the State of Indiana, and the Kentucky Public Transportation Infrastructure Authority ("KPTIA") and the Kentucky Transportation Cabinet ("KYTC") have been authorized to participate in the Project on behalf of the Commonwealth of Kentucky; and

WHEREAS, IFA and INDOT are referred to as the "Indiana Parties" and KPTIA and KYTC as the "Kentucky Parties"; and

WHEREAS, IFA, INDOT, KPTIA and KYTC (collectively the "States' Parties" and each individually a "State's Party") have (together with the Louisville and Southern Indiana Bridges Authority) entered into a Bi-State Development Agreement effective December 27, 2012 (the "Development Agreement") as well as an Interlocal Cooperation Agreement for the Design, Procurement, Construction, Financing, Tolling, Operation and Maintenance for the Louisville-Southern Indiana Ohio River Bridges Project effective as of December 17, 2012 (the "Interlocal Agreement"); and

WHEREAS, Kentucky and Indiana determined that the preferred approach for delivery of the Project was for each State to take the lead in overseeing and financing construction of roughly one-half of the Project, with Kentucky being responsible for financing and constructing the Downtown Crossing, and Indiana being responsible for financing and constructing the East End Crossing (as defined in the Development Agreement);

WHEREAS, both States will rely primarily on toll revenues generated by the Project to finance construction and operation of the Project and must set initial toll rates to provide assurance that the financial obligations of the Project can be met;

WHEREAS, KPTIA has obtained and has accepted the investment grade traffic and revenue report attached as Exhibit A hereto ("T&R Report") to assist in determining what toll rates are required to meet the financial obligations of the Project;

WHEREAS, it is necessary for the Tolling Body to set initial toll rates for the Kentucky Parties to continue the process of obtaining financing for the Project and to establish rate and revenue assumptions to complete the desired environmental justice review and to adopt measures to minimize the impact of tolling on low income and minority populations; and

WHEREAS, initial toll rates will be ratified in the Toll Policy Agreement to be approved by this Tolling Body and in administrative rules to be adopted in Indiana by the IFA and in Kentucky by KYTC;

WHEREAS, the States' Parties have fully reviewed the T&R Report and other pertinent information related to toll rates;

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1. The Tolling Body, on behalf of its members, hereby accepts the T&R Report.
2. The initial toll rate schedule for the Project shall be as follows:

Initial Toll Rates			
	2-Axle Vehicles	Medium Trucks	Heavy Trucks ¹
Frequent User Discount Program ²	\$1.00	N/A	N/A
Transponder	\$2.00	\$5.00	\$10.00
Registered Video Account	\$3.00	\$6.00	\$11.00
Other Video	\$4.00	\$7.00	\$12.00

3. Each of the above listed toll rates will increase annually, beginning July 1 of the year following the commencement of toll collection and thereafter on each July 1st for as long as tolls are in force, by the greater of the rate of inflation as measured by the Consumer Price Index or 2.50%.

4. The Tolling Body hereby determines, based on the information currently available to it, that these initial toll rates are sufficient to generate the revenue necessary to meet the requirements of the toll rate covenants as defined in Section 11.3.2 of the Development Agreement and clarified in Addendum #2 thereto and described below.

5. At all times, the rates and rate structure shall be set at a level necessary to generate sufficient revenue to meet the toll rate covenants. Subject to that limitation, changes may be necessary if called for by the Toll Policy Agreement or the Tolling Mitigation Plan being developed in accordance with the ROD.

Toll Rate Covenants

6. The Tolling Body, in accordance with the Development Agreement, the KPTIA 2013 General Trust Indenture Securing Downtown Crossing Project Revenue Bonds, as finally

¹ Vehicle classifications are preliminarily defined in the T&R Report and will be finalized in the Toll Policy Agreement.

² All capitalized terms not defined herein shall have the definition given in the Development Agreement or will be defined in the Toll Policy Agreement.

approved and executed ("2013 KPTIA Trust Indenture"), and those portions of the IFA Public-Private Agreement referenced in Section 11.3.2. of the Development Agreement, as well as any TIFIA loan agreement to be executed by any State's Party, shall, as long as either KPTIA or IFA has outstanding payment obligations related to the design construction, financing, operation and maintenance of the Project (including all obligations of KPTIA and IFA under the 2013 KPTIA Trust Indenture, TIFIA loan agreements or the Public-Private Agreement), establish tolls at rates expected to be sufficient to meet each of the IFA Rate Covenant and the KPTIA Rate Covenant, as defined below.

7. KPTIA Rate Covenant: Toll rates shall be set so that the Kentucky Revenue Share, as defined in the Development Agreement and as mandated by the 2013 KPTIA Trust Indenture, is sufficient to meet the Rate Covenant set forth in the form of Section 708 of the 2013 KPTIA Trust Indenture, attached hereto as Exhibit B. KPTIA agrees that said Section 708 will not be modified without prior written consent of the Indiana Parties.

8. IFA Rate Covenant: Tolls rates shall be set so that the Indiana Revenue Share as defined in the Development Agreement is in an amount at least equal to 100% of the aggregate amount of availability payments and other financial obligations due and payable during the following year under the Public Private Agreement or (ii) in the event that IFA also borrows funds pursuant to an East End Crossing TIFIA Loan, shall be no less than the greater of (a) the sum of 100% of the aggregate amount of availability payments and other financial obligations due and payable during the following year under the Public Private Agreement and 1.25 times the aggregate debt service requirements for any East End Crossing TIFIA Loans for such period, and (b) the sum of the aggregate amount of availability payments and other financial obligations due and payable during the following year under the Public Private Agreement and all debt service and other funding obligations of IFA under any East End Crossing TIFIA Loan for such period.

Covenants of the Tolling Body


9. The Tolling Body does hereby resolve, pledge to, and agree with KPTIA and the holders of any toll revenue bonds or other obligations authorized by the 2013 KPTIA Indenture including TIFIA, related to the Project, that the Tolling Body will (a) take all actions necessary and convenient to permit KPTIA to fulfill the terms of Section 708 of the 2013 KPTIA Trust Indenture, and (b) not limit or alter the rights and powers vested in KPTIA to fulfill the terms of Section 708 of the 2013 KPTIA Trust Indenture.

10. Nothing in this document shall be interpreted to extend or enlarge the obligations of the States' Parties beyond those stated in the Bi-State Development Agreement.

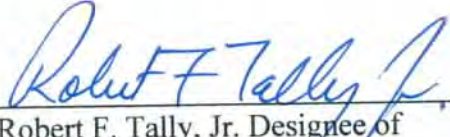
11. This Resolution shall take effect immediately upon its passage.

Dated this 11th day of September, 2013.

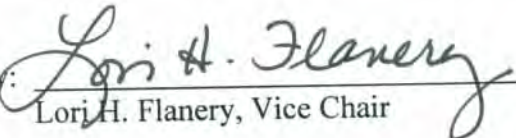
INDIANA FINANCE AUTHORITY

By: 
Kendra W. York, Public Finance Director
of the State of Indiana

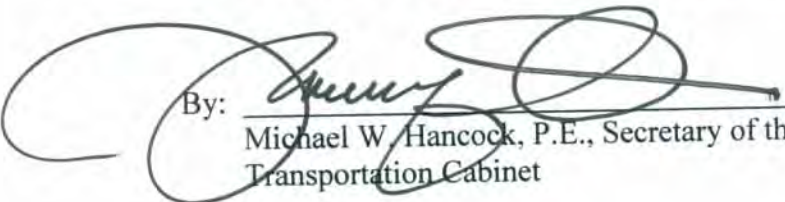
INDIANA DEPARTMENT OF
TRANSPORTATION

By: 
Robert F. Tally, Jr. Designee of
Commissioner

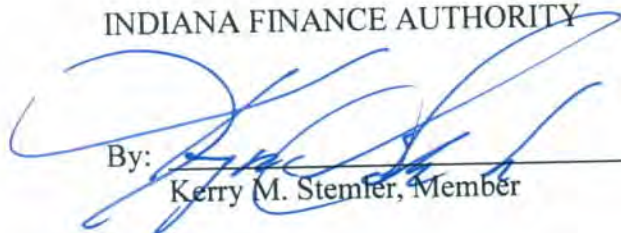
KENTUCKY PUBLIC TRANSPORTATION
INFRASTRUCTURE AUTHORITY

By: 
Lori H. Flanery, Vice Chair

KENTUCKY TRANSPORTATION CABINET

By: 
Michael W. Hancock, P.E., Secretary of the
Transportation Cabinet

INDIANA FINANCE AUTHORITY

By: 
Kerry M. Stemler, Member

KENTUCKY PUBLIC TRANSPORTATION
INFRASTRUCTURE AUTHORITY

By:

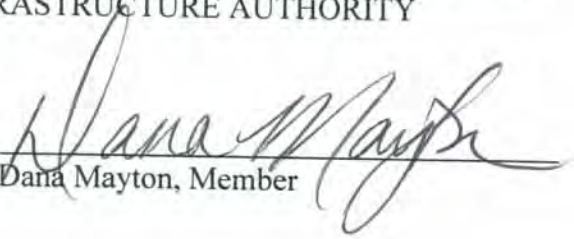

Dana Mayton, Member

EXHIBIT B

Section 708. Rate Covenant.

(a) The Authority, in accordance with the Development Agreement and the Toll Policy Agreement, shall use its best efforts to provide for the establishment, and shall charge and collect, Tolls for the privilege of traveling on the System, at rates sufficient so that Total System Revenue are in an amount at least equal to (i), (ii), (iii), (iv) and (v):

(i) 150% of the Annual Debt Service with respect to all Outstanding First Tier Bonds;

(ii) 135% of the Annual Debt Service with respect to all Outstanding First Tier Bonds and Second Tier Bonds;

(iii) 125% of the Annual Debt Service with respect to all Outstanding First Tier Bonds, Second Tier Bonds and Third Tier Bonds;

(iv) 110% of the Annual Debt Service with respect to all Outstanding Bonds; and

(v) 100% of the aggregate amount of the required payments described in subsections (a) through (i) of Section 504 to the extent such payments have not been otherwise paid or provided for from Bond proceeds.

(b) The Authority will at least annually, prior to June 30 of each Fiscal Year, review the financial condition of the System, the anticipated Total System Expenses, Debt Service Requirements, various reserves and other costs of the Authority System, and proceed in a timely fashion to recommend to the Tolling Body any required adjustment to the Toll Rate Schedule it determines is necessary to comply with subsection (a) above to provide sufficient Total System Revenue to fund amounts required to be deposited and maintained in the Funds and Accounts and to comply with other relevant covenants in this General Trust Indenture.

(c) Prior to recommending any revision in the Toll Rate Schedule, the Authority, shall obtain: (i) a certificate of the Traffic Consultant stating, based upon reasonable assumptions and applying the revised Toll Rate Schedule, the projected Total System Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all then-Outstanding Bonds, (ii) a certificate of the Consulting Engineer stating, based upon reasonable assumptions, the projected Total System Expenses for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds, and (iii) a certificate of an Authorized Representative stating that, based upon the information contained in the certificates described in (i) and (ii) above, the adoption of the revised Toll Rate Schedule will not cause Toll Revenue to decrease to an amount that will cause the Authority to fail to comply with the requirements of (a) above. Any certificate delivered by the Traffic Consultant pursuant to this subsection shall be based on the opinion of the Traffic

Consultant as to Total System Revenue to be derived by the Authority from the System under the terms of the Development Agreement and the Toll Policy Agreement (provided that investment and other income not related to Tolls shall be estimated by an Authorized Representative), and a certificate of an Authorized Representative stating the opinion of the Authority as to the amount of Total System Expenses paid or accrued during any pertinent Fiscal Year, assuming that the proposed Toll Rate Schedule had been in effect during the pertinent Fiscal Year.

(d) The failure in any Fiscal Year to obtain Total System Revenue in the amounts sufficient to enable the Authority to comply with subsection (a) above, which failure may continue during the succeeding Fiscal Year, shall not, in and of itself, constitute an Event of Default under this General Trust Indenture if (i) the Authority within 60 days after the end of the Fiscal Year requests the written recommendations of the Traffic Consultant as to how to increase Toll Revenue and/or the written recommendations of a Consulting Engineer as to how to reduce Total System Expenses in the following Fiscal Year to the level required to comply with subsection (a) above, (ii) within 60 days of the date of the request from the Authority, the Traffic Consultant and/or the Consulting Engineer provide to the Authority the written recommendations described in clause (i), and (iii) the Authority takes steps to implement those recommendations within 60 days after receipt thereof and diligently proceeds to substantially comply with the recommendations of the Traffic Consultant and/or the Consulting Engineer.

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TRAFFIC AND REVENUE STUDY

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RiverLink Traffic & Revenue Report



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RiverLink Traffic & Revenue Report

Disclaimer

This Report was prepared by Steer, Davies & Gleave (the "Consultant") for the benefit of the Kentucky Public Transportation Infrastructure Authority (the "Client") solely in its capacity as the Traffic and Revenue Advisor for the RiverLink Project (the "Project") pursuant to a subcontract agreement (the "Agreement"), dated May 1, 2017.

This Report, information contained herein and any statements contained within are all based upon information provided to the Consultant, and obtained from proprietary data purchased or confidential information provided by the Client, from publicly available information or sources, in the course of evaluations of the Project. The Consultant provides no assurance as to the accuracy of any such third-party information and bears no responsibility for the results of any actions taken on the basis of the third-party information contained in the Report, except to the extent that such actions result from the gross negligence, willful misconduct, bad faith or fraud of the Consultant.

Certain forward-looking statements are based upon interpretations or assessments of available information at the time of writing. Actual events may differ from those assumed, and events are subject to change. Findings are time-sensitive and relevant only to current conditions at the time of writing. The Report speaks only as of the date of issuance and the Consultant undertakes no obligation to update the Report for any reason. Factors influencing the accuracy and completeness of the forward-looking statements may exist that are outside of the purview or control of the Consultant. The Consultant makes or provides no warranty, whether implied or otherwise, as to the accuracy of the forward-looking information presented, nor does it take any responsibility or bear any liability whatsoever as to the actions taken by others, including third parties, based upon the forward-looking statements made in the Report, except to the extent that such actions result from the gross negligence, willful misconduct, bad faith or fraud of the Consultant. The Consultant's Report is thus to be viewed as an assessment that is time-relevant, specifically referring to conditions at the time of review.

In particular, readers of this Report must note that the Consultant developed the relationships in the models used to produce the forecasts for this Project based on data through January 2020. Subsequently, the outbreak of the viral illness known as COVID-19 has spread throughout the world and has been defined by the World Health Organization as a pandemic. As of the date of distribution of this Report, the COVID-19 outbreak is materially impacting global economic and political affairs, and significantly impacting all transportation industries. Toll road traffic in particular has been impacted, where vehicle volumes have fallen in response to quarantine, shelter in place and related measures that governments, including state and local governments in the United States, have imposed and continue

to impose. The situation remains dynamic and rapidly evolving and is subject to significant change. In this context, the Consultant has revised our forecasts with a Base Case post COVID-19 possible scenario with assumptions of a delayed economic recovery and decreased travel demand; in addition the Consultant has also produced an alternate scenario, the Slow Recovery Case that assumes more conservative assumptions relating to COVID-19. However, it is important to note that the Consultant's post-COVID-19 analysis is only one view, and there continues to remain uncertainty as to the short-term, intermediate or prolonged effects of and responses to the COVID-19 pandemic on the Project.

All of these effects could impact the COVID-19-related update to the Report. While the COVID-19-related update to the Report was prepared in good faith, no assurance can be provided by the Consultant that the scenario and assumptions the Consultant has identified in such update will prove to be accurate. Given the uncertainty described here and inherent in this unprecedented pandemic, the Consultant advises that all readers of this Report consider this Report in the context of their own assessment of the COVID-19 outbreak and current and potential impacts before making final decisions related to this Project.

Unless you are the Client, a Series 2021 Bondholder or a party to a fully executed Reliance Letter with the Consultant concerning the Project (a "Recipient"), the Consultant: (a) makes no warranty, expressed or implied, with respect to the use of any information or methods disclosed in this document; and (b) assumes no liability with respect to the use of any information or methods disclosed in this document. Any other recipient of this document (other than Series 2021 Bondholders or a Recipient who is a party to a fully executed Reliance Letter), by its acceptance or use of this document, releases the Consultant from any liability for direct, indirect, consequential, or special loss or damage whether arising in contract, warranty, express or implied, tort or otherwise, and agrees to indemnify the Consultant in respect of all loss or damage arising thereof.

IN RELATION TO SERIES 2021 BONDHOLDERS OR A RECIPIENT WHO IS PARTY TO A FULLY EXECUTED RELIANCE LETTER, PURSUANT TO THE CONSULTANT'S ENGAGEMENT LETTER WITH THE CLIENT, THE LIABILITY OF CONSULTANT FOR ANY LOSS, DAMAGE, COST OR EXPENSE SUFFERED OR INCURRED BY ALL PERSONS OR ENTITIES RESPECTING THE FINAL REPORT (INDIVIDUALLY AND COLLECTIVELY) AND FOR ALL CLAIMS RESPECTING ITS WORK PERFORMED IN CONNECTION WITH THE PROJECT IS HEREBY LIMITED IN THE AGGREGATE FOR ALL PARTIES (INCLUDING SERIES 2021 BONDHOLDERS AND RECIPIENTS OF RELIANCE LETTERS) FOR ALL SUCH CLAIMS TO THE TOTAL SUM OF \$1,000,000 (ONE MILLION US DOLLARS); EXCEPT TO THE EXTENT THAT SUCH LIABILITY RESULTS FROM THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT, BAD FAITH OR FRAUD OF THE CONSULTANT.

Prepared by:

Steer

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Prepared for:

Kentucky Transportation Cabinet

200 Mero Street

Frankfort, KY 40622

Client ref:

Our ref: 23066402

The logo for Steer, featuring the word "steer" in a bold, lowercase, sans-serif font.

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1 Introduction

Background

In 2013, Steer Davies Gleave undertook a traffic and revenue study (the 2013 Study) for the Louisville-Southern Indiana Ohio River Bridges Project (the Project) and the traffic and revenue forecasts included in the study were used to help develop the plan of finance, by others, for the Project. Now that the RiverLink, the operating name of the toll system, has been in operations for a few years, Steer (the current business name of Steer Davies & Gleave Incorporated) has undertaken an assignment to review the historical performance of RiverLink and update our traffic and revenue forecasts. Steer began the study in the second half of 2019, establishing a forecasting approach to account for the operational nature of the toll facilities.

Early in 2020, the COVID-19 virus has spread throughout the world and has been defined by the World Health Organization as a “pandemic”. The COVID-19 outbreak is having a material impact on global economic and political affairs including having a significant impact on transportation facilities, including the Project. In September 2020, Steer made some adjustments to the inputs to the forecasting approach with a view on a possible scenario for the traffic and revenue forecasts, the Base Case, respective to assumptions of a scenario of economic recovery and behavioral change. Since that time, we have continued to assemble information on COVID-19, its impact on traffic and economic conditions. This work (which is qualified by the disclaimer at the beginning of this Report) is presented in the Traffic Forecasting Model Update chapter of this Report.

This report summarizes the findings of Steer’s assignment and the updated traffic and revenue forecasts. It presents information that was collected in 2019 to establish the forecasting approach, and new information from after COVID-19 to supplement the prior information and to guide the creation of the post-COVID-19 scenario.

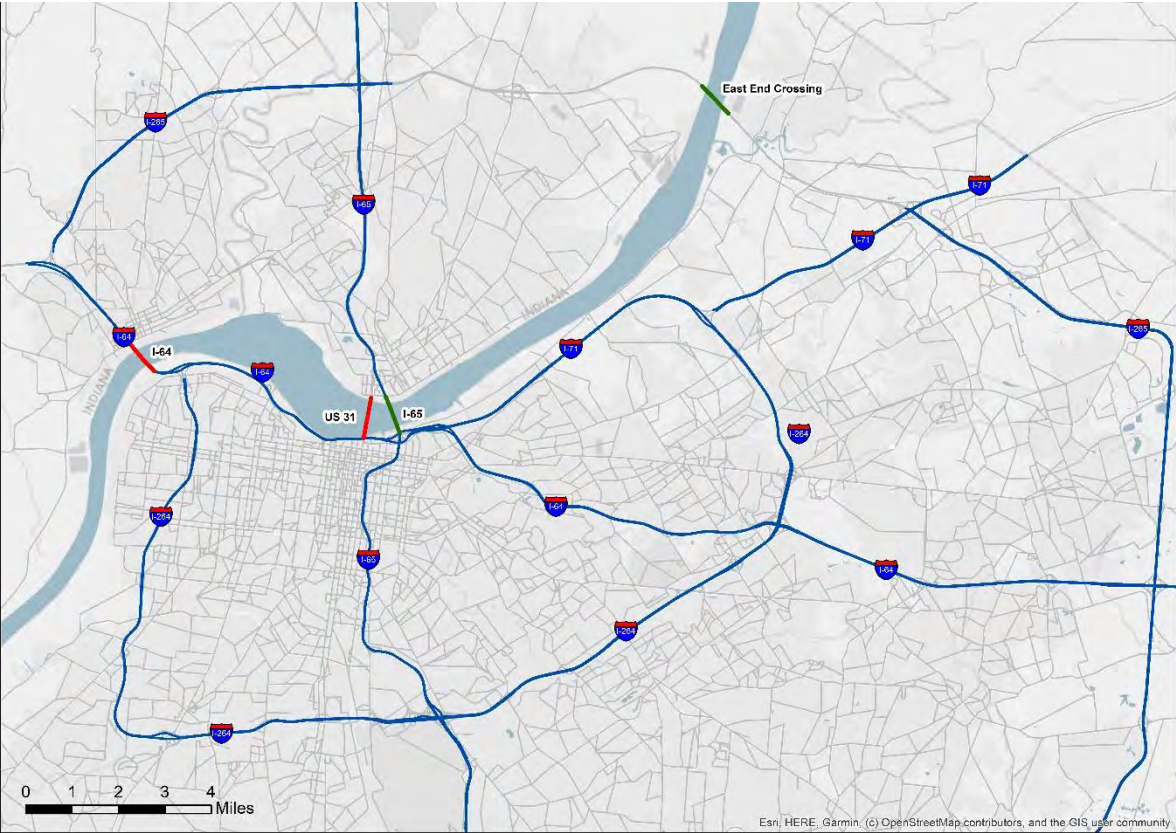
The Toll Facilities

RiverLink operates two all-electronic tolling crossings connecting Louisville and Southern Indiana:

- **I-65**, also referred to as the Downtown Crossing, includes two bridges, the Lincoln Bridge serving northbound traffic and Kennedy Bridge going south southbound.
- **East End Crossing**, the Lewis and Clark Bridge, connecting the extension of the Snyder Freeway (I-265) with Southern Indiana (SR 265)

Figure 1.1 shows the location of the tolled crossings (shown in green) as well the other two untolled bridges (shown in red), I-64 on the west side of the region and US 31 just west of the Kennedy Bridge. Pictures of the tolled crossings are included in Figure 1.2 through Figure 1.6. Tolling commenced on December 30, 2016.

Figure 1.1: Location of Ohio River Crossings



Source: Steer

Figure 1.2: Tunnel Element of East End Crossing



Source: Steer

Figure 1.3: Lewis and Clark Bridge Element of East End Crossing



Source: Steer

Figure 1.4: I-65 Downtown Crossing



Source: Steer

Figure 1.5: Kennedy Bridge Southbound Element of I-65



Source: Steer

Figure 1.6: Lincoln Bridge Northbound Element of I-65



Source: Steer

Toll Rates

Toll rates vary by vehicle class and the following collection types:

- **Prepaid Account with Transponder:** Sensors read a transponder on the windshield and the toll is deducted from the customer's prepaid balance.
- **Prepaid Account Without Transponder:** The vehicle's license plate is photographed and the toll is deducted from the customer's prepaid account
- **No Account (Pay by Mail/Pay by Plate):** The vehicle's license plate is photographed. The toll can be paid online and if not, an invoice will be mailed to the registered owner of the vehicle.

Figure 1.7 presents the current toll rates. The vehicles classes are also referred to as Class 1, 2, and 3. Future toll rates are scheduled to increase each July 1 by the greater of CPI or 2.5% per year in nominal terms.

For 2-axle passenger vehicles with a transponder, a 50% frequent-user discount program is in effect for accounts with 40 or more trips within a calendar month. Details are provided in the following current conditions section.

Figure 1.7: Current RiverLink Toll Rates

Toll Rates

Effective July 1, 2021 - June 30, 2022



CLASSIFICATION	VEHICLE DESCRIPTION	PREPAID ACCOUNT AND TRANSPONDER	PREPAID ACCOUNT/ NO TRANSPONDER	PAY BY MAIL/ PAY BY PLATE
Passenger Vehicle	2-axle up to 7 ½ feet in height 	\$2.21	\$3.33	\$4.42
	2-axle more than 7 ½ feet in height 	\$5.53	\$6.63	\$7.73
Medium Vehicle	All 3-axle 			
	All 4-axle 			
Large Vehicle	5-axle or more 	\$11.04	\$12.15	\$13.26

Source: RiverLink

2 Existing Conditions

This chapter presents the existing conditions of the RiverLink study area. It was originally prepared using data and information from 2019, but where available, we have updated information from 2020. In particular, there is a section at the end of this chapter that focuses on COVID-19 related information.

Historical Traffic & Revenue Performance

Since RiverLink opened to toll traffic in January 2017, the number of transactions has been growing, with some seasonal fluctuations, as presented in Table 2.1. We refer to the “Passenger Vehicle”, “Medium Vehicle” and “Large Vehicle” classes of Figure 1.7 as “Class 1”, “Class 2”, and Class 3” in Table 2.1. The table shows the strong traffic growth with the average day in 2019 being 12% higher than the average day in the first year of operation, 2017. The table also shows the seasonal fluctuations with highest levels during the summer and the months leading into and out of the summer. Of the tolled crossings, the table shows that the traffic levels on I-65 are much higher than those on the East End Crossing. The effects of COVID-19 are also seen in the decrease in monthly traffic starting in March 2020 and hitting a low level in April 2020.

Table 2.1: Monthly Historical Transactions

Month	Average Daily Traffic								
	I-65 Crossing				East End Crossing				Total* Crossing
	Class 1	Class 2	Class 3	Total*	Class 1	Class 2	Class 3	Total*	
Jan-17	46,405	3,676	8,251	58,835	11,798	584	1,164	13,568	72,402
Feb-17	48,482	3,980	8,548	61,515	12,185	664	1,330	14,190	75,705
Mar-17	55,376	4,379	8,702	68,679	13,102	645	1,388	15,143	83,822
Apr-17	56,251	5,022	8,252	69,552	14,155	812	1,410	16,381	85,933
May-17	54,347	4,875	8,591	67,902	14,963	843	1,561	17,372	85,275
Jun-17	55,417	5,182	8,818	69,444	15,904	947	1,681	18,536	87,980
Jul-17	54,465	4,776	7,650	66,906	15,234	857	1,371	17,465	84,371
Aug-17	52,390	4,808	8,771	65,983	15,968	943	1,780	18,693	84,676
Sep-17	50,265	4,584	8,086	62,969	15,913	936	1,719	18,572	81,541
Oct-17	49,985	4,762	8,589	63,353	16,086	978	1,902	18,967	82,320
Nov-17	48,708	4,624	8,503	61,917	15,778	937	2,060	18,777	80,694
Dec-17	46,915	3,954	7,646	58,518	15,119	798	1,854	17,772	76,290
Jan-18	40,879	3,736	7,859	52,487	13,935	707	1,942	16,586	69,073
Feb-18	45,572	3,948	8,092	57,671	15,470	782	2,066	18,325	75,996
Mar-18	54,790	4,655	8,341	67,817	16,572	932	2,124	19,634	87,451
Apr-18	56,593	4,791	8,239	69,636	17,122	1,027	2,160	20,312	89,948
May-18	56,652	4,985	8,517	70,166	17,768	1,073	2,157	21,000	91,166
Jun-18	60,543	5,195	8,366	74,123	18,422	1,145	2,329	21,901	96,024
Jul-18	59,944	5,266	7,791	73,015	17,883	1,187	2,162	21,234	94,249
Aug-18	58,128	5,309	8,603	72,046	18,762	1,456	2,569	22,793	94,839
Sep-18	57,358	4,865	8,064	70,323	18,009	1,126	2,306	21,449	91,772
Oct-18	59,387	5,225	8,766	73,400	19,188	1,243	2,750	23,186	96,586
Nov-18	56,604	4,762	8,182	69,590	18,276	1,088	2,507	21,876	91,467
Dec-18	52,497	4,083	7,393	64,000	17,159	905	2,240	20,315	84,315
Jan-19	45,432	4,073	7,881	57,416	16,165	875	2,543	19,593	77,009
Feb-19	48,464	4,231	8,142	60,877	17,132	960	2,635	20,733	81,611
Mar-19	58,391	4,730	8,064	71,208	17,923	1,006	2,661	21,595	92,803
Apr-19	60,215	5,165	8,285	73,679	19,259	1,219	2,895	23,442	97,121
May-19	60,269	5,103	8,232	73,634	19,469	1,316	2,979	23,769	97,402
Jun-19	60,471	5,286	8,126	73,898	19,152	1,305	2,898	23,359	97,257
Jul-19	62,290	5,573	7,879	75,752	19,535	1,299	2,773	23,609	99,361
Aug-19	60,847	5,347	8,346	74,552	19,912	1,325	3,174	24,412	98,964
Sep-19	59,243	5,083	8,068	72,401	19,469	1,362	3,227	24,059	96,460
Oct-19	56,016	5,212	8,464	69,711	20,357	1,356	3,431	25,149	94,859
Nov-19	49,397	4,312	7,453	61,190	19,807	1,206	3,074	24,094	85,284
Dec-19	51,126	3,853	7,172	62,181	18,962	1,033	2,826	22,827	85,008
Jan-20	46,624	3,814	7,687	58,163	18,033	1,015	3,193	22,255	80,418
Feb-20	47,810	4,060	7,755	59,652	18,264	1,059	3,200	22,530	82,182
Mar-20	39,324	4,280	7,841	51,476	14,866	1,114	3,112	19,100	70,577
Apr-20	23,843	3,675	6,783	34,321	9,353	981	2,436	12,774	47,095
May-20	35,977	4,164	6,922	47,089	13,107	1,105	2,449	16,667	63,756
Jun-20	45,373	4,914	8,019	58,324	17,359	1,404	3,194	21,966	80,290
Jul-20	47,316	5,066	7,934	60,339	17,800	1,366	3,260	22,434	82,773
Aug-20	44,306	4,815	8,144	57,283	17,502	1,492	3,323	22,323	79,606
Sep-20	44,604	5,012	8,418	58,056	18,221	1,399	3,516	23,141	81,196
Oct-20	45,599	5,160	8,688	59,472	17,891	1,362	3,461	22,723	82,195
Nov-20	42,321	4,825	8,398	55,563	16,134	1,237	3,270	20,647	76,210
Dec-20	42,609	4,483	8,433	55,545	16,324	1,217	3,279	20,826	76,371
Jan-21	38,417	4,126	8,038	50,606	15,215	1,042	3,265	19,534	70,140
Feb-21	37,286	4,253	8,129	49,696	14,661	1,044	3,243	18,956	68,652
Mar-21	50,111	5,560	9,066	64,736	17,881	1,366	3,524	22,771	87,508
Apr-21	50,224	5,529	8,380	64,133	18,108	1,406	3,324	22,838	86,971
May-21	50,746	5,274	8,245	64,266	18,353	1,400	3,315	23,069	87,335
Jun-21	53,035	5,696	8,561	67,292	19,355	1,540	3,510	24,405	91,697

Source: Steer analysis of RiverLink data

Note: * There are a small number of "Class 0" transactions which are included in the totals

Table 2.2 presents the total annual transactions and collected revenue by fiscal year ending June 30 since opening. It shows that FY 2019 continued the strong growth pattern with total crossing transactions growing by 10% and collected revenue by 16% compared to FY 2018. FY 2020 performance started with a continuation of the strong performance prior to COVID-19 and the traffic decrease that followed, resulting in the full FY 2020 having a 10% reduction in total crossing transactions and 7% reduction in collected revenue. FY 2021 reflects a similar reduction due to COVID-19.

Table 2.2: Total Annual Transactions and Revenue (000s)

Fiscal Year	I-65 Crossing Transactions				East End Crossing Transactions				Total Crossing	Collected Revenue
	Cass 1	Class 2	Class 3	Total	Cass 1	Class 2	Class 3	Total		
2017	9,547	818	1,543	11,950	2,479	136	257	2,873	14,824	\$34,906
2018	18,798	1,668	3,001	23,476	5,881	338	713	6,934	30,410	\$96,472
2019	20,612	1,768	2,966	25,356	6,644	417	947	8,011	33,367	\$111,817
2020	17,641	1,657	2,818	22,124	6,377	435	1,100	7,915	30,038	\$104,270
2021	16,686	1,825	3,064	21,587	6,332	485	1,229	8,049	29,635	\$103,721

Source: Steer analysis of RiverLink data

We also utilized RiverLink transaction and revenue data to calculate the share of transactions that pay by transponder or by plate. Table 2.3 presents these shares and shows that the transponder share has increased from an opening share of almost 60% to about 67% of transactions before decreasing to 64% in FY 2021. The lower transponder share during FY 2021 likely reflects the traffic reduction during COVID-19 that is disproportionately skewed towards work trips which are made more frequently by travelers who tend to have higher transponder ownership rates.

Table 2.3: Transactions by Payment Type

Fiscal Year	Transponder Share	Pay by Plate ¹ Share
2017	59.8%	40.2%
2018	63.5%	36.5%
2019	66.2%	33.8%
2020	66.9%	33.1%
2021	64.1%	35.9%

Source: Steer analysis of RiverLink data

One feature of the RiverLink toll rate schedule is a frequent user discount program. The frequent user discount program offers a 50% toll discount to 2-axle passenger vehicles equipped with a transponder that make 40 or more trips in a month. Currently, the frequent user program toll rate is \$1.10 compared to the \$2.21 passenger vehicle 2-axle transponder toll rate. We analyzed

¹ For simplicity and to reflect the relative shares of transactions, we have grouped Pay by Plate and Prepaid with No Transponder transactions together.

RiverLink data from the frequent user program and found that frequent user discount transactions represented 15-16% of total passenger vehicle transactions during the first three years of operation, as shown in Table 2.4. In FY 2020, this share dropped to 14.2% and then dropped further to 10.4% in FY 2021 reflecting the decrease in commuting trips during COVID-19.

Table 2.4: Frequent User Discount Program Transaction Share

Fiscal Year	Frequent User Discount Share of Passenger Vehicle Transactions
2017	15.4%
2018	15.3%
2019	15.6%
2020	14.2%
2021	10.4%

Source: Steer analysis of RiverLink data

River Crossing Traffic

To help understand overall travel conditions in the study area and gain insight into how they may have changed since our prior work, we had the same traffic data vendor, The Traffic Group, return to the study area to collect new traffic count data in 2019. Previously we collected traffic data in December 2012 for our 2013 study. For this update, we had counts collected in September 2019. We also obtained traffic counts that had been collected by INDOT in 2019, although those were not broken out by vehicle classification. Table 2.5 presents the comparison of the seasonally adjusted counts from 2012 and the two 2019 sources². The table shows that the total level of crossing traffic, tolled and untolled, has decreased by 6% from 2012 to the 2019 seasonally adjusted counts collected by The Traffic Group. The decrease is not uniform by vehicle class³; trucks increased by 3%, while autos decreased by 8%. The seasonally adjusted INDOT counts for 2019 show higher traffic levels that are only 3% below observed 2012 levels. The difference between the two 2019 traffic count levels demonstrate the potential variability in traffic measurements, particularly when using seasonal adjusting factors. Regarding the seasonal adjustments we applied seasonality factors from INDOT, and that some of the difference between 2012 and 2019 levels may be due to imprecision in the seasonal adjustments. It is also notable that there was some construction and lane closures along the US 31 bridge during the September 2019 counts which may contribute to the 2019 levels being below the 2012.

The different responses by vehicle type reflect 1) the greater sensitivity to the introduction of tolling for autos, taking the form of river crossing trip suppression, and 2) the positive response from trucks to the new capacity and improved travel times.

The overall decreases in crossing traffic following the introduction of tolling is something that has been observed with other projects that have introduced tolling. For example, the introduction of

² In both cases, we used the average 2019 weekday transactions for I-65 and East End Crossing

³ Relating these vehicle classes with the toll classes presented earlier, autos align with the “Passenger Vehicle” category and trucks with the “Medium Vehicle” and “Heavy Vehicle” categories

tolling on the SR 520 bridge in Washington resulted in a crossing traffic decrease of 8%⁴ while the introduction to tolling on the Midtown and Downtown Tunnels in Virginia led to a 1% decrease in traffic crossing the Elizabeth River.⁵

Table 2.5: Seasonally Adjusted Ohio River Crossing Average Weekday Traffic

	2012			2019 Traffic Group			2019 INDOT
	Auto	Truck	Total	Auto	Truck	Total	Total
East End Crossing				20,600	5,000	25,600	25,600
I-65	101,600	20,400	122,000	58,600	15,200	73,800	73,800
US 31	23,800	300	24,100	24,900	400	25,300	36,800
I-64	69,800	8,300	78,100	76,400	9,400	85,700	81,500
Total	195,200	29,000	224,200	180,500	30,000	210,400	217,700

Source: Steer analysis of The Traffic Group and INDOT data

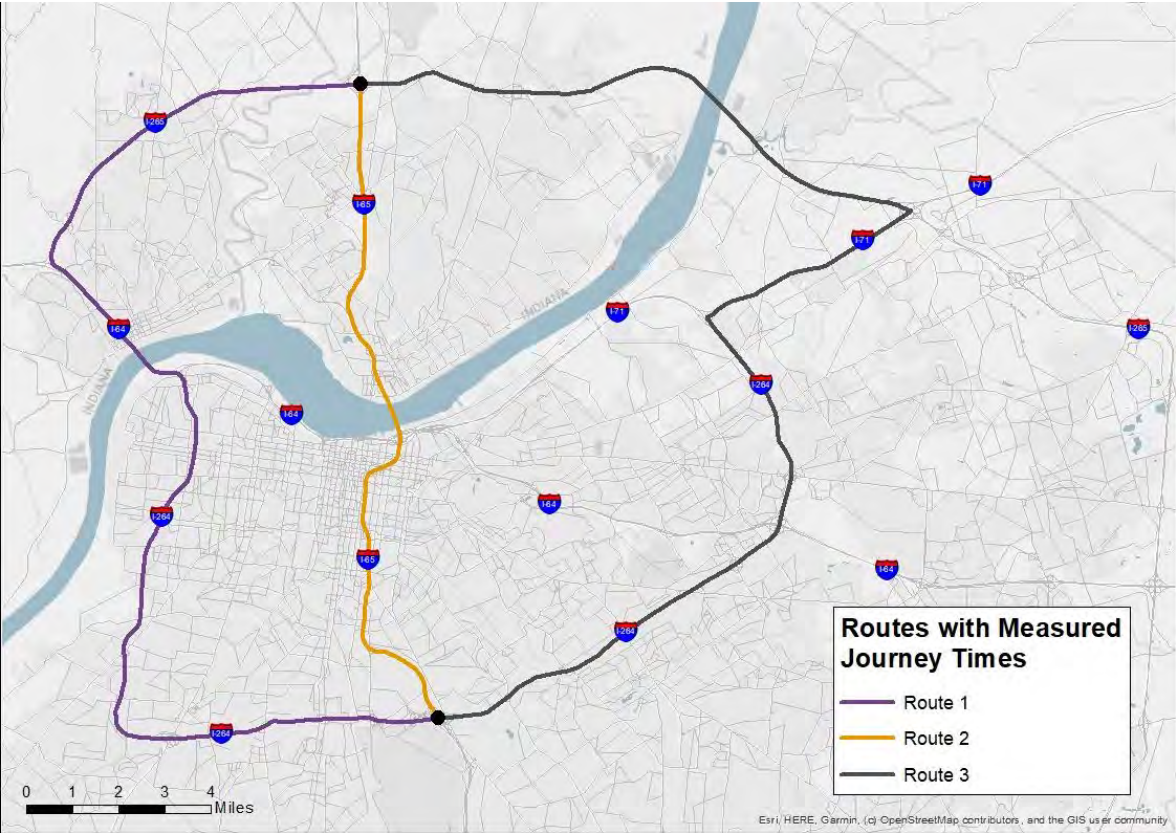
Travel Times

We also reviewed the updated travel times for routes that used the I-64, I-65, and East End Crossings to cross the Ohio River and travel between the interchanges of I-65 with I-264 in Kentucky and I-65 with I-265 in Indiana. These routes are graphically presented in Figure 2.1. Table 2.6 presents the travel times observed in 2019 through Google Maps, along with those we collected back in 2012 from driving measurements using GPS recorders for Routes 1 and 2 (Route 3 is only now available due to the Project). The table shows that travel times are very similar between 2012 and 2019, with much of the differences likely stemming from the different collection methods. The table also shows that the direct route, Route 2, provides almost 10 minutes of travel time savings compared to the routes that circle the city.

⁴ See *SR 520 Bridge Quarterly Traffic Engineering Report and Revised Traffic and Gross Revenue Forecast*, CDM Smith September 2012

⁵ See *Analyzing the Impact of Implementing New Tolls on Existing Roadway Facilities – The Hampton Roads Experience*, Nichols and Belfield, HRTPO

Figure 2.1: Travel Time Routes



Source: Steer

Table 2.6: Comparison of Travel Times (in Minutes)

Route	Direction	Time Period	2012	2019
1	SB	AM	20.3	21.2
		MD	19.7	20.0
		PM	22.7	22.1
		NT	19.7	20.2
	NB	AM	21.0	20.2
		MD	19.9	20.0
		PM	22.7	21.2
		NT	21.0	20.3
2	SB	AM	12.8	11.8
		MD	11.9	11.6
		PM	14.9	11.5
		NT	11.6	12.3
	NB	AM	13.7	11.7
		MD	12.0	11.7
		PM	13.3	12.3
		NT	11.3	11.6
3	SB	AM		23.5
		MD		23.3
		PM		23.4
		NT		23.9
	NB	AM		23.7
		MD		23.4
		PM		23.4
		NT		24.1

Source: 2012 travel times collected by Steer and 2019 travel times from Google Maps

COVID-19

During 2020, the outbreak of the virus known as COVID-19 has spread throughout the world and has been defined by the World Health Organization as a “pandemic”. This section presents RiverLink performance starting in 2020, including and reflecting the impact of COVID-19.

COVID-19 in Kentucky and Indiana

COVID-19 has led to significant traffic decreases influenced by restrictions mandated by different government authorities. Within Kentucky and Indiana, there have been a series of restrictions

leading to the ultimate stay-at-home orders taking effect on March 24, 2020 in Indiana and on March 26, 2020 in Kentucky. Table 2.7 presents the COVID-19 timeline for Kentucky and Indiana.

Table 2.7: COVID-19 Timeline in Kentucky and Indiana

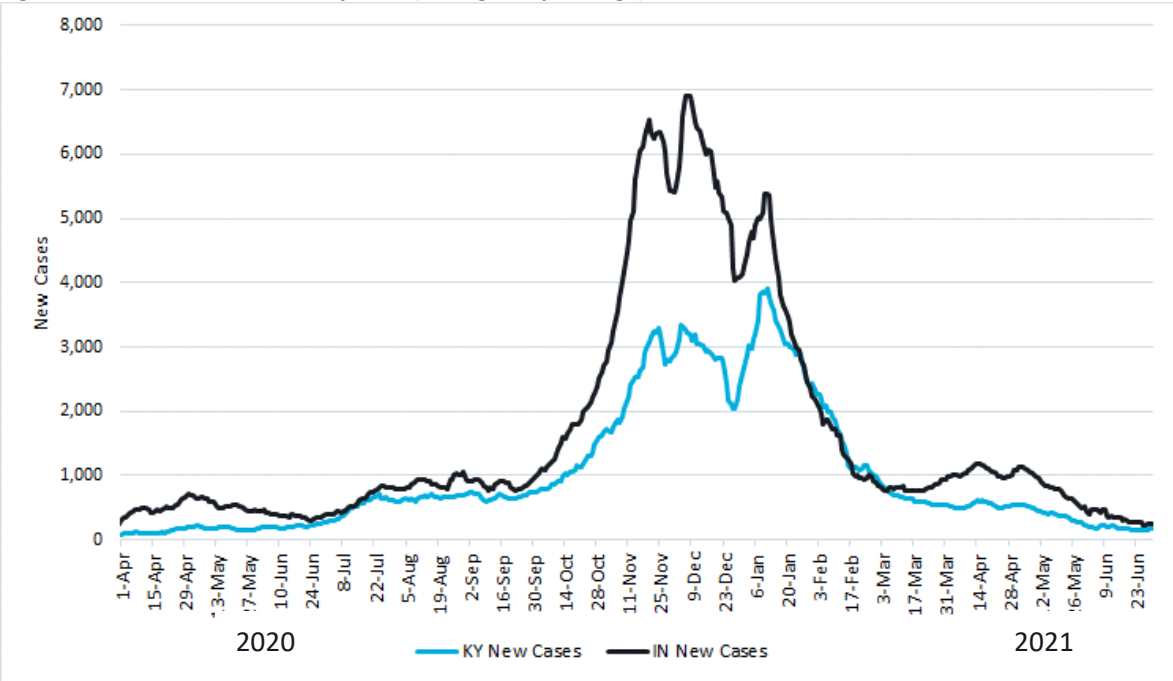
Date	State	Event
March 6	KY & IN	Declared State of Emergency
March 11	KY	Recommended social distancing, postponing or cancellation of community gatherings, and encouraged working from home if possible
March 16	KY	Closed in-person schooling begins
March 16	IN	Closed restaurants to in-person dining
March 19	IN	Closed in-person schooling begins statewide; locations, such as Clark County started earlier on March 16
March 20	KY	Closed day care centers
March 23	KY	Closed all non-life-sustaining retail businesses
March 24	IN	Started stay at home order, which closed all non-essential activities including most retail (Stage 1)
March 26	KY	Started Healthy at Home (stay at home) order, which closed all non-life-sustaining business
May 4	IN	Started reopening of manufacturing and industrial operations, and retail at 50%, with personal service facilities and restaurants at 50% starting a week later (Stage 2)
May 8/9	IN/KY	Reopening of houses of worship
May 11	KY	Started Healthy at Work Phase 1, reopening of certain businesses including manufacturing, construction, auto dealerships and offices (at 50% capacity)
May 22	KY	Started Healthy at Work Phase 2, beginning with the reopening of restaurants at 33% of capacity, followed by movie theaters/fitness centers (June 1), campgrounds (June 11), and child care (June 15)
May 22	IN	Stage 3 reopening starts with retail at 75%, fitness centers, and daycamps
June 12	IN	Stage 4 reopening starts with offices at 100% capacity, retail at 100% capacity, restaurants at 75% capacity, bars at 50% capacity, and movie theaters at 50% capacity
June 29	KY	Started Healthy at Work Phase 3 that allows gatherings of up to 50 people, including at bars
July 10	KY	Mandated the need for face coverings in public places
July 20	KY	Reduced the maximum gathering size to 10 people
July 27	IN	Mandated the need for face coverings in public places
July 28	KY	Closed bars for two weeks
August 10	KY	Recommended no in-person school until September 28
August 11	KY	Allowed bars and restaurants to operate at 50% of capacity
September 26	IN	Stage 5 reopening starts, eliminating capacity restrictions on bars and restaurants
September 28	KY	Allowed in-person school to start but with reporting requirements and guidance on when in-person should be allowed based on positivity rates

Date	State	Event
November 20	KY	Restaurants and bars to stop indoor service; social gatherings limited to 8 people maximum from 2 households; gyms limited to 33% capacity; indoor theaters limited to 25% capacity; and professional service facilities limited to 33% capacity
November 23	KY	Halting all in-person schooling until January 4, 2021
December 14	KY	Restaurants and bars are allowed to resume indoor service at 50% capacity; gyms, theaters, and professional service facilities can increase capacity to 50%
January 11, 2021	KY	In-person schooling recommended to return following certain restrictions
March 5, 2021	KY	Restaurants and bars, gyms, theaters, and profession service facilities can increase to 60% of capacity
April 6, 2021	IN	The face covering mandate is relaxed to a face covering advisory
June 11, 2021	KY	Executive order that ends all former health orders relating to COVID-19
July 9, 2021	KY	50% of population received at least their first vaccination dose

Source: Steer analysis of Commonwealth of Kentucky and State of Indiana information

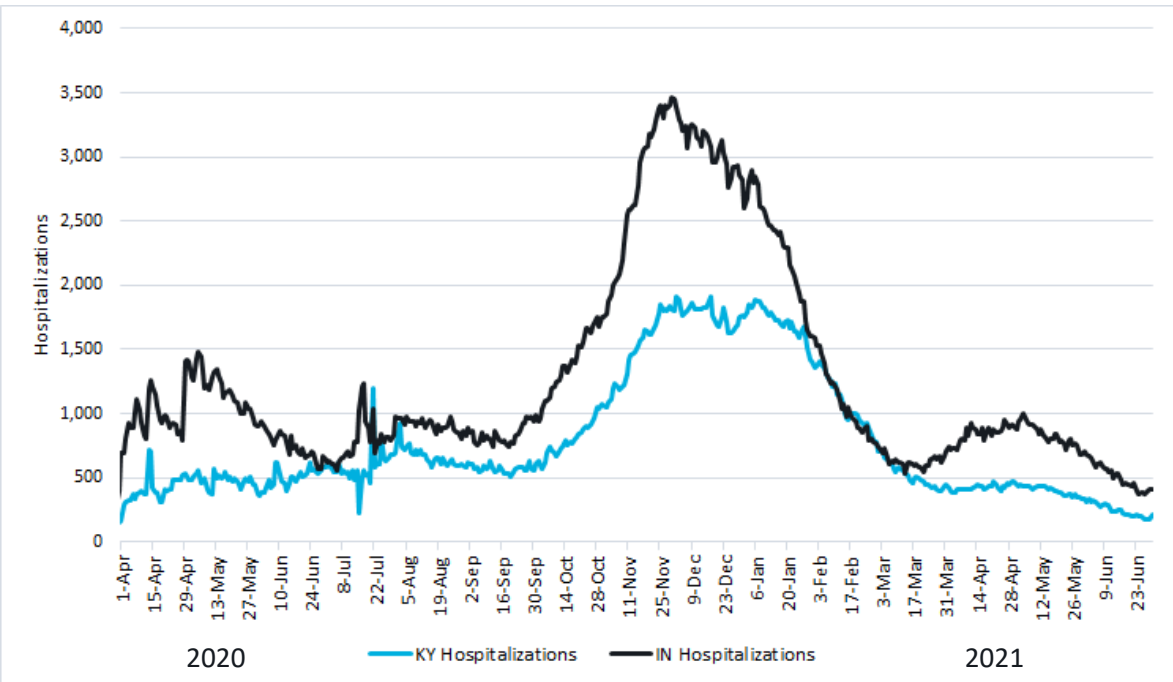
Figure 2.2 through Figure 2.4 graphically depicts the spread of COVID-19 within the study area states. Specifically, Figure 2.2 shows a rolling average of new daily cases by state displaying that both states had a high number of cases in November 2020 through February 2021. Figure 2.3 shows the resulting levels of hospitalization and Figure 2.4 displays number of deaths, both displaying the same high levels in November through February.

Figure 2.2: New COVID-19 Cases by State (Rolling 7-Day Average)

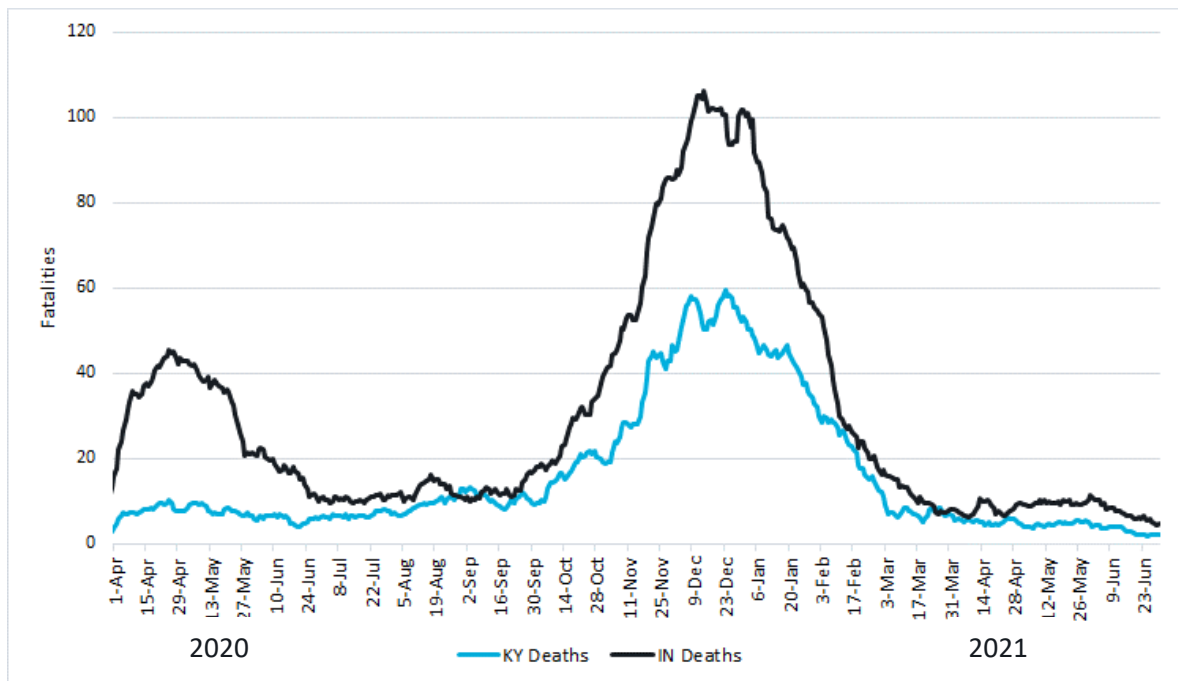


Source: CDC Case Task Force

Figure 2.3: COVID-19 Hospitalizations by State



Source: U.S. Department of Health & Human Services

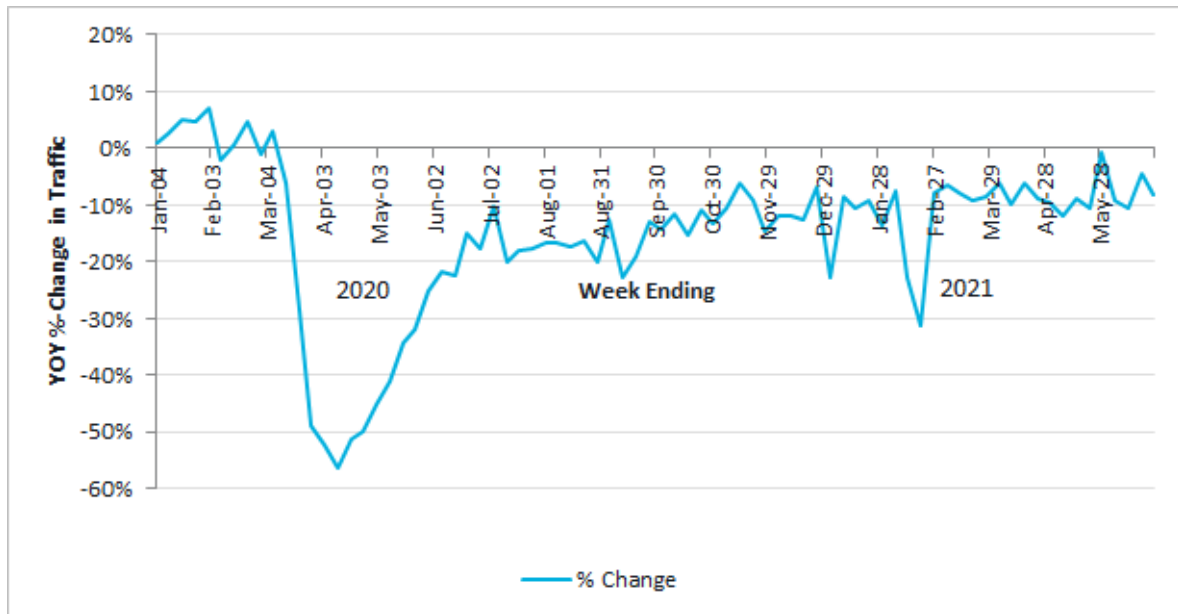
Figure 2.4: COVID-19 Deaths by State (Rolling 7-Day Average)

Source: CDC Case Task Force

COVID-19 vaccinations are progressing in both Kentucky and Indiana. As of July 31, 2021, in Kentucky, 2.3 million residents have received at least 1 shot and 2.0 million residents have been fully vaccinated, representing 46% of the population. In Indiana, 3.2 million residents have received at least 1 shot and 3.0 million residents have been fully vaccinated, representing 44% of the population.

COVID-19 Impact on RiverLink Traffic

COVID-19 and the travel restrictions noted above impacted the traffic performance on the RiverLink. In the figures below, we summarize the year-over-year (YOY) traffic performance. Figure 2.5 shows the weekly YOY change in total RiverLink transactions, showing the decrease starting in mid-March 2020 and reached a low level of around -55% in mid-April 2020. Since April 2020, traffic levels have somewhat recovered with the weekly decrease typically less than 20% since early June. The large outlier to this trend was in mid-February 2021 when traffic was down about 30% YOY due to the extreme winter storms that caused a widespread traffic reduction across the region.

Figure 2.5: Weekly Year-Over-Year Percentage Change in RiverLink Transactions


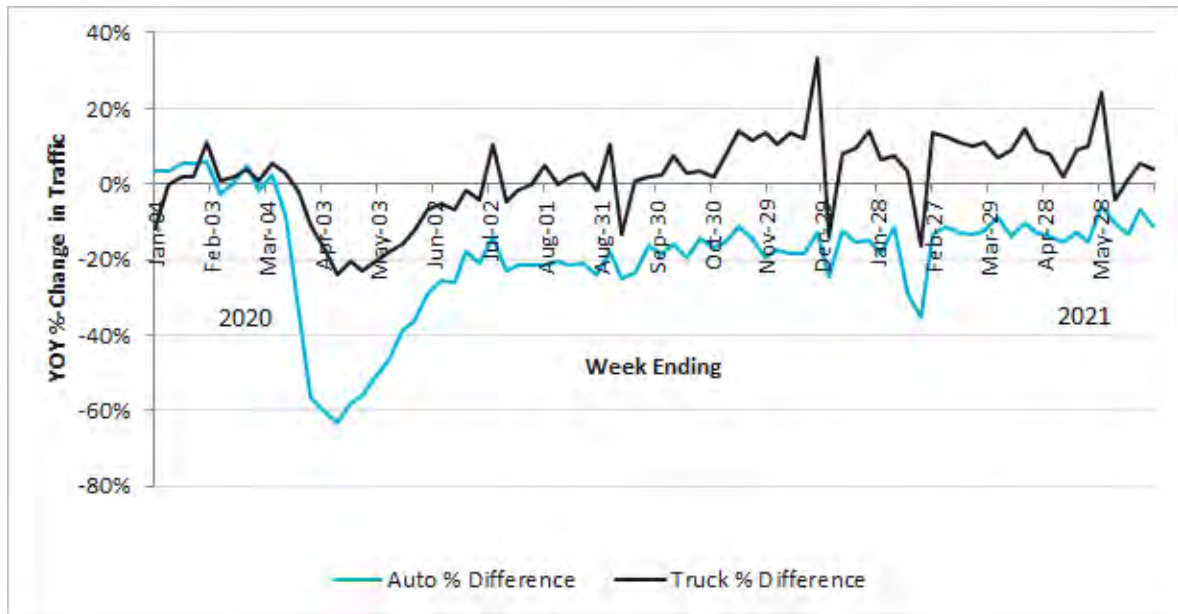
Source: Steer analysis of RiverLink data

Note: March - June 2021's performance compared with the higher performance of corresponding week in 2019 or 2020

Considering the traffic changes by vehicle class,⁶ car traffic has experienced a much deeper reduction than trucks, as seen in Figure 2.6. Car traffic reached a low point of around a 60% YOY reduction while trucks decreased to a low point slightly over 20%. Truck traffic rebounded faster and has generally been higher YOY since mid-September.

⁶ For simplicity, we present only 2 vehicle classes, with "autos" representing the "Passenger Vehicle" category and "trucks" representing the "Medium Vehicle" and "Heavy Vehicle" categories

Figure 2.6: Weekly Year-Over-Year Percentage Change in RiverLink Transactions by Vehicle Class

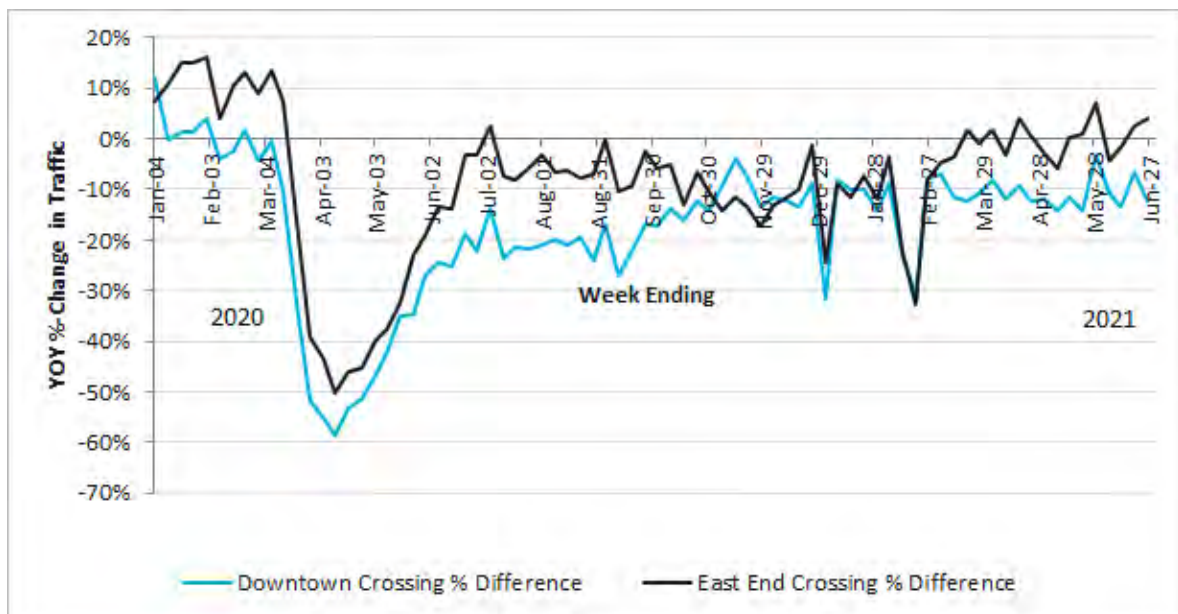


Source: Steer analysis of RiverLink data

Note: March - June 2021's performance compared with the higher performance of corresponding week in 2019 or 2020

Figure 2.7 displays the YOY change in traffic by crossing, showing that the East End Crossing experienced a smaller YOY decrease than I-65 except during the winter when their YOY performance was similar, and has had weeks above the reference since March 2021.

Figure 2.7: Weekly Year-Over-Year Percentage Change in RiverLink Transactions by Crossing



Source: Steer analysis of RiverLink data

Note: March - June 2021's performance compared with the higher performance of corresponding week in 2019 or 2020

Table 2.8 presents the YOY changes in transactions summarized for weekday peak and off-peak periods. The table shows that since COVID-19, autos in the peak period have experienced a deeper traffic decrease compared to the off-peak period, which is consistent with a greater degree of working from home disproportionately impacting the peak periods. The table also shows the strong rebound in truck traffic, both during the peak and off-peak periods.

Table 2.8: Year-Over-Year Percentage Change in RiverLink Transactions by Time of Day (Weekdays)

Month	Auto Peak	Auto Off-Peak	Truck Peak	Truck Off-Peak
March 2020	-25%	-29%	-3%	-2%
April 2020	-55%	-55%	-19%	-21%
May 2020	-39%	-36%	-14%	-15%
June 2020	-26%	-21%	-5%	-5%
July 2020	-21%	-18%	2%	2%
August 2020	-25%	-22%	-1%	-1%
September 2020	-21%	-17%	1%	1%
October 2020	-20%	-12%	2%	2%
November 2020	-19%	-14%	12%	9%
December 2020	-20%	-13%	18%	13%
January 2021	-21%	-13%	11%	9%
February 2021	-29%	-19%	1%	1%
March 2021*	-15%	-11%	15%	12%
April 2021*	-16%	-10%	10%	9%
May 2021*	-14%	-14%	7%	7%
June 2021*	-14%	-12%	4%	4%

Source: Steer analysis of RiverLink data

Note: * March through June 2021's performance compared with March through June 2019's performance

3 Traffic Forecasting Model Update

Utilizing travel condition information from 2019 and 2020, we updated our traffic and revenue forecasts. This update included a refinement to the forecasting approach to pivot from actual traffic and revenue, updating the network model to 2019 conditions, adjusting forecasting factors, and refining our river crossing growth model, accounting for COVID-19. Below, we describe each of these updates.

Forecasting Framework Refinement

Unlike during our traffic and revenue forecast development in 2013, there is now actual traffic and revenue performance available for the RiverLink. We therefore adjusted our forecasting approach to begin with the actual traffic and revenue as a base and to use our network model to forecast the pivot factors to apply to the base values. This approach grounds the forecasts on the actual performance and uses the network model to adjust from that base to reflect how performance is estimated to evolve on each bridge.

Specifically, as described in more detail in the following section, we refined the forecasting approach by:

- Established FY 19 traffic and revenue to use as a base;
- Developed a new base year network model that we calibrated to 2019 conditions;
- Adjusted the revenue loss associated with pay by plate leakage, using observed leakage %;
- Refined our river crossing growth model based on the latest socioeconomic conditions and forecasts; and
- Applied adjustments to account for a scenario of COVID-19 recovery.

Development of Base Year 2019 Network Model

To prepare the network model forecasts for use to pivot from actual base traffic and revenue levels, we developed a new base year 2019 network model. We developed this model by updating our 2018 model year to a 2019 model year by calibrating to observed 2019 conditions.

Calibration to 2019 Conditions

While we no longer use the network model to directly forecast traffic and revenue, we still use it to forecast how traffic and revenue will grow from their current levels. The first step in using it for this purpose was to develop a base 2019 model and calibrate it so that its forecasts validated against observed conditions. We performed this calibration by making some adjustments to trip matrices, network attributes and behavioral parameters so that the model validated observed crossing traffic levels and travel times.

As we use the model to provide the relative changes in traffic, we set validation criteria consistent with this intended use and thus not as tight as would be required if the network model was directly producing the forecasts. We tested the traffic volume validation in terms of the GEH statistic, which is a common measure calculated to determine statistically how well forecasted traffic matches observed traffic. The GEH statistic is calculated using hourly volumes as:

$$GEH = \sqrt{\frac{(Volume_{Modeled} - Volume_{Observed})^2}{(Volume_{Modeled} + Volume_{Observed}) * 0.5}}$$

GEH values less than 5 indicate a good fit of observed levels, while GEH values greater than 10 indicate that more attention is needed on a specific location of the model. Table 3.1 presents the daily traffic validation, comparing the observed 2019 traffic levels with those produced by the year 2019 network model. Its results indicate that the model's traffic forecasts generally do a statistically good job matching observed levels. Overall, the network model is forecasting traffic levels suitable for the pivoting from the actual performance with total crossing GEH of 1.2 and by vehicle class in the range of 1.2 for cars and 0.4 for trucks.

Table 3.1: Daily River Crossing Traffic Validation

Vehicle Class	Crossing	Observed	Modeled	GEH
Cars	East End	21,860	19,915	2.7
	I-65	61,450	65,481	3.3
	US 31	24,857	26,508	2.1
	I-64	76,367	75,154	0.9
	Total Crossing	184,533	187,057	1.2
Trucks	East End	6,146	6,606	1.2
	I-65	16,824	14,729	3.4
	US 31	429	0	NA
	I-64	9,375	11,761	4.7
	Total Crossing	32,774	33,096	0.4
Total Vehicles	East End	28,005	26,521	1.8
	I-65	78,274	80,210	1.4
	US 31	25,286	26,508	1.6
	I-64	85,742	86,915	0.8
	Total Crossing	217,307	220,153	1.2

Source: Steer

For travel time validation, we considered the routes that cross the Ohio River using I-64, I-65, and the East End Crossing. These routes were graphically presented earlier in Figure 2.1. We generally aimed to have the model's travel times be within 20% of the observed travel times. Table 3.2

shows that modeled travel times are generally close to observed levels, with modeled times for all routes tending to be a little slower than observed. This travel time validation showing the network model travel time forecasts similar to observed conditions helps establish the suitability for using its forecasts to pivot from the actual performance.

Table 3.2: Validation of Travel Times (in Minutes)

Route	Direction	Time Period	Observed	Modeled	% Difference
1	SB	AM	21.2	24.1	14%
		MD	20.0	23.9	19%
		PM	22.1	23.9	8%
		NT	20.2	23.8	18%
	NB	AM	20.2	22.6	12%
		MD	20.0	22.7	14%
		PM	21.2	25.2	19%
		NT	20.3	22.6	11%
2	SB	AM	11.8	12.4	6%
		MD	11.6	12.7	9%
		PM	11.5	13.2	15%
		NT	12.3	12.4	1%
	NB	AM	11.7	13.8	18%
		MD	11.7	12.7	9%
		PM	12.3	12.7	3%
		NT	11.6	12.5	8%
3	SB	AM	23.5	26.6	13%
		MD	23.3	26.5	14%
		PM	23.4	28.0	20%
		NT	23.9	26.5	11%
	NB	AM	23.7	28.1	19%
		MD	23.4	26.4	13%
		PM	23.4	26.8	14%
		NT	24.1	26.5	10%

Source: Steer

Adjusted Model Parameters

As part of the effort to calibrate the model, we made some adjustments to model parameters. Specifically, we increased Values of Time (VOTs) and changed the toll collection shares. These updated parameters, along with all model assumptions, are summarized later in Table 3.9.

Leakage Assessment

Similar to our prior revenue forecasts, we are producing forecasts of gross toll revenue net of leakage. “Leakage” is the term used to describe the portion of “expected” toll revenue that is not actually collected. We received information from HNTB, the tolling consultant for the project, to understand the composition of the revenue that was not collected. HNTB identified the share of revenue that was contributing to 3 types of technical leakage:

1. Image review code-off;
2. No registered owner data; and
3. Accounts that are not invoiced because they are less than \$5.

In addition, their analysis identified the amount of revenue that was outstanding. We used their information, along with gross toll revenue information by toll collection type to estimate a total leakage rate for pay by plate revenue. Table 3.3 presents the data that we used to estimate a pay by plate leakage rate of 29%. We apply this leakage rate, along with a decreasing share of pay by plate transactions that decrease from the current 34% down to a steady state condition of 12% starting in 2030. We note that our estimation of pay by plate share of transactions and the pay by plate leakage rate is based upon our analysis and combination of various sets of RiverLink data. For this analysis pay by plate includes both prepaid accounts without transponders and no accounts.

Table 3.3: Pay by Plate Leakage Rate Calculations based on FY 2019

ID	Category	Value	Source
1	Toll Revenue in Accounts	\$46,577,256	Steer analysis of RiverLink Accounts Receivable
2	Revenue not Invoiced due to Leakage	\$12,933,824	Provided by HNTB
3	Total Potential Pay by Plate Toll Revenue	\$59,511,081	#1 + #2
4	Received Pay by Plate Revenue	\$27,980,995	Steer analysis of RiverLink Accounts from KPMG report
5	Fee Revenue	\$14,553,438	Steer analysis of RiverLink Accounts from KPMG report
6	Total Pay by Plate Revenue	\$42,243,573	#4 + #5
7	Total "Leakage & Unpaid"	-\$17,267,509	#6 - #3
8	Pay by Plate Leakage & Unpaid Rate	-29.0%	#7 / #3

Source: As noted in table

Current Economic Conditions

This section summarizes the analysis of economic conditions that was conducted first in 2019 and then with new analysis completed in 2020 and 2021 considering the impact of COVID-19. The output of this analysis is the river crossing traffic growth forecasts for all vehicles which we use in our network model. In the following section, we will discuss how we use the analysis of this section to set growth rates accounting for COVID-19.

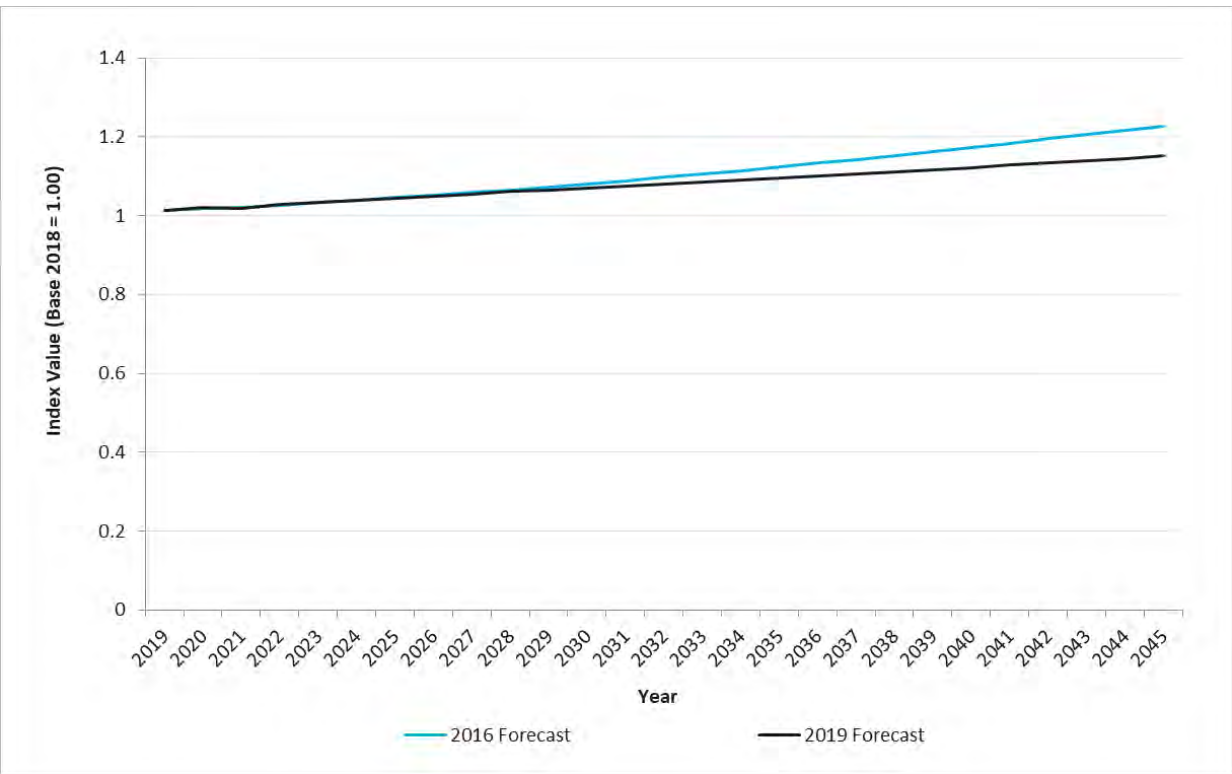
2019 Economic Outlook

As part of the 2019 forecast update, we reviewed current economic conditions and outlook as part of the process to update our river crossing growth forecasts.

Our River crossing growth model uses the measurements permanent traffic count stations and measurements of historical economic factors to establish a relationship for traffic growth. Given previous and more recent construction impacts on the corridor, our growth forecast methodology needed to consider and control for the time periods when construction may have been impacting observed traffic levels. Our updated estimation of the growth model found that the variable that has the strongest relationship with traffic growth was total Employment for the Louisville Metropolitan Statistical Area (MSA), and we obtained Moody's Analytics 2019 forecasts for this variable. Figure 3.1 below compares Moody's Employment Forecast Outlook for both the previous (2016) and 2019 update.⁷

⁷ The 2013 growth forecasts used a different model specification with different economic variables and thus 2013 employment forecasts is not included in the figure

Figure 3.1: Employment Outlooks for Louisville MSA in 2016 and 2019



Source: Steer based on Moody's Analytics

As evidenced by the graph, the 2019 Moody's employment outlook for the Louisville MSA is less optimistic than what was used to forecast traffic growth in 2016. The 2018-2030 CAGR for 2016 Employment Projections was 0.65%, whereas the CAGR calculated for the same period using 2019 Employment projections is 0.57%. Extending the terminal year to 2045 (last year for which 2016 projections were available) widens this difference at 0.76% for the 2016 outlook and 0.52% for the 2019 outlook.

Consistent with lower forecasts of the main economic driver of traffic growth in the region, our 2019 updated river crossing growth forecasts reflect this lower growth rate compared to the more optimistic 2016 forecasts. Table 3.4 presents the 2019 growth rates for Peak and Off-Peak periods along with those that we developed in our prior work for 2013 and 2016. While the 2019 river crossing growth forecasts are a bit lower than those prepared in 2016, they are a little higher than those used in 2013.

Table 3.4: River Crossing Traffic Growth Forecasts Estimated in 2019

Period (Calendar Year)	2013 Traffic Growth Forecast		2016 Traffic Growth Forecast		2019 Traffic Growth Forecast	
	Pk	OP	Pk	OP	Pk	OP
2018-2023	1.04%	1.00%	1.28%	1.27%	1.13%	1.14%
2023-2030	0.98%	0.94%	1.16%	1.15%	1.03%	1.04%
2030-2040					0.99%	1.00%

Source: Steer

2020 and 2021 Economic Outlook

This section presents our analysis of economic conditions in 2020 and 2021, considering the impact of COVID-19 and its impact on river crossing traffic growth. Specifically, this section reviews recent GDP forecasts, employment forecasts and unemployment trends that have become available after COVID-19, and how those employment forecasts impact the river crossing growth forecasts.

Updated GDP Forecasts

In response to COVID-19 and its economic impact, many forecasters revised their short-term GDP projections covering 2020 and 2021. Table 3.5 presents a comparison of pre and post COVID-19 GDP forecasts from a sample of sources. For the post-COVID-19 forecasts, we present two sets: 1) those available as of July 2020, and 2) those available as of July 2021. The first set were the forecasts available at the time we established our traffic and revenue forecast adjustments to reflect COVID-19, and the second set reflect the most current forecasts.

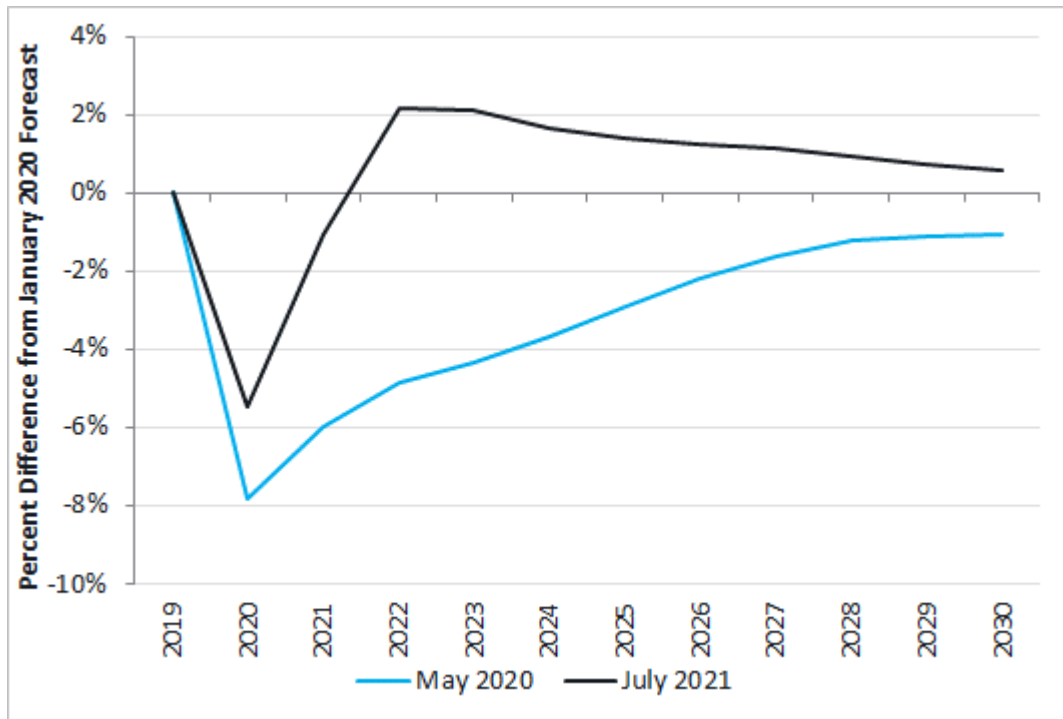
All sources show a similar post-COVID-19 pattern with a decrease in the outlook for 2020 GDP followed by higher growth in 2021, but still not reaching the level forecasted in 2019 by the end of 2021. Additionally, all post-COVID-19 forecasts available as of July 2021 reflect a much higher growth outlook than they had in July 2020, with the average 2-year growth forecast to be 2.7% compared to a 2.4% reduction in the July 2020 forecasts.

Table 3.5: Sample of Revised GDP Forecasts

Source	Pre-COVID-19 2020 GDP Growth	Pre-COVID-19 2021 GDP Growth	Post-COVID-19 2020 GDP Growth – as of July 2020	Post-COVID-19 2021 GDP Growth – as of July 2020	Post-COVID-19 2020 GDP Growth – as of July 2021	Post-COVID-19 2021 GDP Growth – as of July 2021
CBO	2.2%	1.7%	-5.6%	4.2%	-3.50%	6.70%
Moody's	1.7%	1.9%	-5.7%	4.5%	-3.50%	4.70%
The World Bank	1.8%	1.7%	-6.1%	4.0%	-3.50%	6.80%
OECD			-7.3%	4.1%	-3.50%	6.90%
IMF	2.0%	1.7%	-8.0%	4.5%	-3.50%	7.00%
Federal Reserve Board	2.0%	1.9%	-6.5%	5.0%	-3.50%	6.50%
Average	1.94%	1.78%	-6.53%	4.38%	-3.50%	6.43%
2-Year Growth		3.8%		-2.4%		2.7%

Source: as noted in table, pre-COVID-19 forecasts are most recent prior to COVID-19 and post-COVID-19 forecasts available in July 2020

In addition to these short-term GDP forecasts, CBO has updated their GDP projections through 2030 a couple times since COVID-19 began. Figure 3.2 presents the percentage difference between CBO's May 2020 and July 2021 projections relative to their January 2020 projections for real GDP. While both of their post-COVID-19 projections show a continued recovery, their July 2021 forecasts show an increase relative to their pre-COVID-19 forecasts starting in 2022.

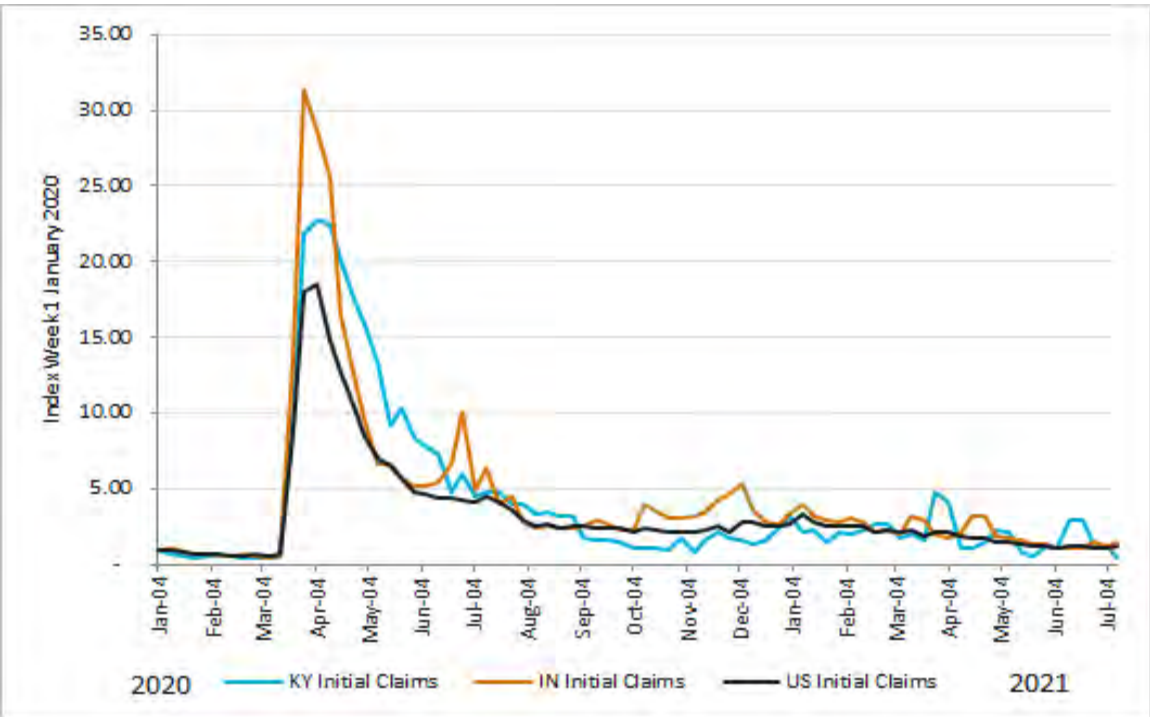
Figure 3.2: Percent Difference in CBO's Real GDP Forecasts

Source: Steer presentation of Congressional Budget Office data

Unemployment Trends

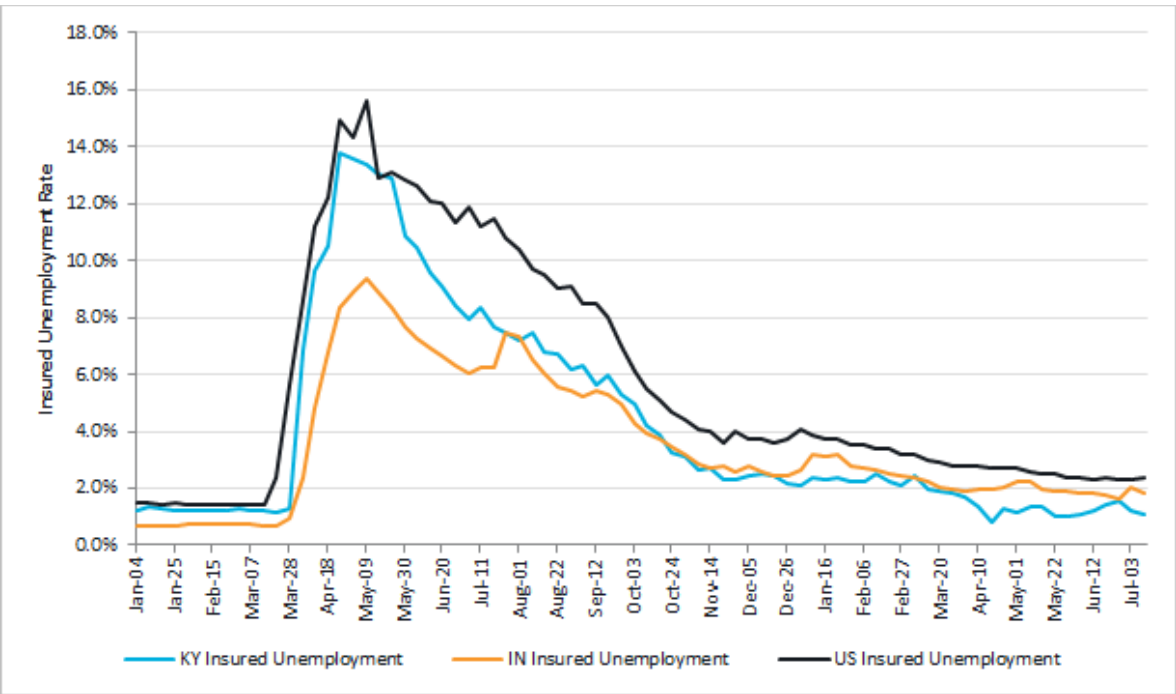
In Chapter 2, we presented the COVID-19 timeline in Kentucky and Indiana that noted the closure of businesses and stay at home orders. These actions led to a reduction in employment as many workers became unemployed. Figure 3.3 displays the weekly initial claims to unemployment for Kentucky, Indiana and the United States, indexed to the start of January. It shows that Kentucky had a slight lag but similar magnitude of increase in unemployment as for the whole U.S., while Indiana had a larger increase in initial unemployment claims. The figure also shows that there were some instances of increases in initial unemployment claims, typically coinciding with the increases in COVID-19 cases and the resulting closure and restrictions placed on some businesses, but that the level of initial claims have generally been much lower than in March and April 2020. We also analyzed the data that the U.S. Department of Labor also reports on the share of workers receiving unemployment insurance and display this information in Figure 3.4. The figure shows that the unemployment rate in both Kentucky and Indiana has been lower than for the U.S. and has generally decreased from the high around late April / early May 2020 through mid-November 2020 when they have generally remained low.

Figure 3.3: Weekly Unemployment Initial Claims - US Total vs. KY and IN Total (Index to January Week 1, 2020)



Source: U.S. Department of Labor

Figure 3.4: Weekly Insured Unemployment Rate - US Total vs. KY and IN Total

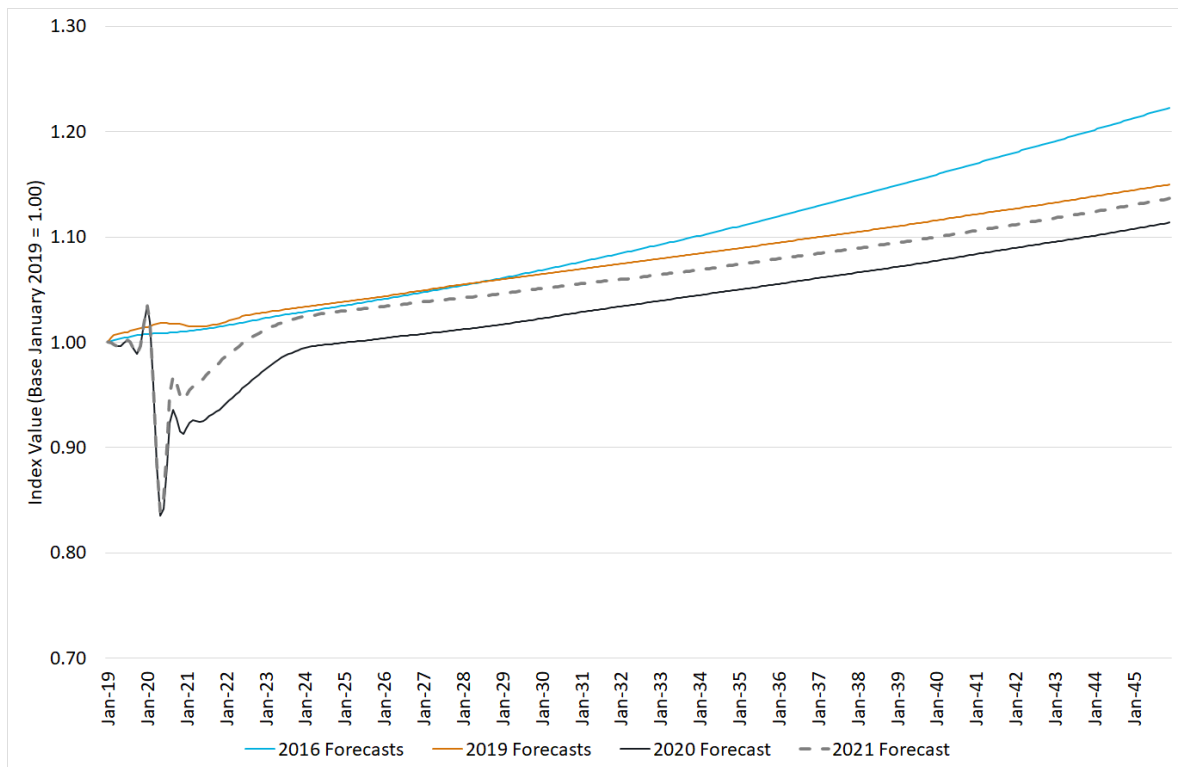


Source: U.S. Department of Labor

Long-Term Employment Forecast

We further investigated how the economic outlook has changed since COVID-19. We obtained Moody's employment forecasts from July 2020 and February 2021, and compared them with employment forecasts from Moody's that we had previously obtained in 2016 and in 2019, as summarized in Figure 3.5. The figure shows the 2020 forecasts reflect a decrease in 2020 employment, consistent with the unemployment claims shown in Figure 3.3, followed by a period of recovery through the end of 2023, and then a slightly faster growth forecast for the period beyond 2023 than had been anticipated in Moody's 2019 forecasts, although with total employment levels still below those that Moody's had forecast in 2019. The 2021 forecasts show a similar profile, but with forecasted employment levels much closer to those that had been forecast in 2019.

Figure 3.5: Employment Outlooks for Louisville MSA in 2016, 2019, 2020 and 2021



Source: Steer based on Moody's Analytics

River Crossing Growth Forecast

Applying the similar approach as described for 2019 above, we developed traffic growth rates, summarized in Table 3.6, using the 2020 employment forecasts. This table also presents the prior crossing traffic growth forecasts we estimated in 2013, 2016, and 2019 for comparison.

Table 3.6: River Crossing Traffic Growth Forecasts Estimated in 2020

Period (Calendar Year)	2013 Traffic Growth Forecast		2016 Traffic Growth Forecast		2019 Traffic Growth Forecast		2020 Traffic Growth Forecast	
	Pk	OP	Pk	OP	Pk	OP	Pk	OP
2018-2023	1.04%	1.00%	1.28%	1.27%	1.13%	1.14%	0.34%	0.32%
2023-2030	0.98%	0.94%	1.16%	1.15%	1.03%	1.04%	1.10%	1.11%
2030-2040					0.99%	1.00%	1.01%	1.02%

Source: Steer

Adjustments for COVID-19

Given the COVID-19 situation, it was necessary to modify our traffic and revenue forecasting approach. This section describes our adjustment to our traffic and revenue forecasting approach to account for COVID-19.

COVID-19 is having a material impact on global economic and political affairs including having a significant impact on the Project. While the situation remains dynamic and rapidly evolving, in this section we provide a view on a possible scenario for the traffic and revenue forecasts associated with assumptions of a scenario of economic recovery and behavioral change.

We note that there is a high amount of uncertainty around both the economic and societal impacts of COVID-19 and the resulting impacts on travel demand. The information given below summarizes our current view of a possible scenario; this scenario should be reviewed in light of new information and evidence that becomes available. We originally established this scenario in September 2020 and through our review of more recent information, we believe our adjustments remain suitable, if not conservative.

We have structured this COVID-19 scenario through impacts into two periods:

- 2021-2022: direct impact of COVID-19 including imposed travel restrictions followed by reopening and recovery towards a “new normal”; and
- 2023 and beyond: “new normal” in a post COVID-19 world.

2022

During 2020, there was a period of “regular” performance prior to COVID-19, followed by the deepest reductions due to the height of COVID-19-imposed travel restrictions, and then the start of the reopening and recovery period. This performance is summarized in Table 3.7, showing the monthly year-over-year changes in total toll transactions and normalized revenue.⁸

⁸ Normalized revenue is calculated by multiplying transactions by class with their corresponding transponder toll rates. This approach does not consider the additional revenue associated with the Pay by Plate toll rates.

Table 3.7: YOY Change in Transactions and Revenue

Month	Transactions	Normalized Revenue
January 2020	4%	7%
February 2020	4%	7%
March 2020	-24%	-12%
April 2020	-52%	-37%
May 2020	-35%	-25%
June 2020	-17%	-8%
July 2020	-17%	-7%
August 2020	-20%	-9%
September 2020	-16%	-5%
October 2020	-13%	-4%
November 2020	-11%	1%
December 2020	-10%	3%
January 2021	-13%	-2%
February 2021	-19%	-8%
March 2021*	-6%	9%
April 2021*	-7%	7%
May 2021*	-10%	1%
June 2021*	-6%	6%
FY 2021	-12%	-1%

Source: Steer, RiverLink data

Note: * March through June 2021's performance compared with March through June 2019's performance

Based upon the trends of transaction and normalized revenue trajectory, we continued the recovery trajectory and assumed the following percentage of FY 2019 transactions will occur in FY 2020, 2021, and 2022:

- 2020: 90%
- 2021: 88%⁹
- 2022: 97.5%

We set the 2022 value based upon the combination of a few considerations. Transaction levels have shown recovery, down by 7% combined in March - June 2021 compared to 2019. This recovery has occurred despite work trips remaining low during this period; Google Mobility Report data suggests workplace activity for Jefferson County, KY was about 30% lower than the baseline for the same period.¹⁰ As this value decreases with more workers returning to the office, traffic,

⁹ The FY 2020 and FY 2021 values are based on actual performance.

¹⁰ Data sourced from <https://www.google.com/covid19/mobility/>

especially during the peak periods, will increase leading to an increase in transactions. Further, there is an expectation for economic growth, as shown above in latest GDP forecasts.

Using the transaction level we set, we established the corresponding revenues for FY 2022 by applying the modeled average toll rate by these transaction values.

2023 and Beyond

Beyond the traffic reductions due to various lockdowns and restrictions seen in the short-term, the longer-term impacts of COVID-19 are likely to include both positive and negative effects:

- **Potential upsides:** Mode shift to car use including increased drive-cations; reduced car occupancy; longer distance (but less frequent) commuting; and increases in delivery based commercial vehicle traffic.
- **Potential downsides:** Reductions in trip making (including commuting, school travel, leisure and business); increases in unemployment and economic hardship reducing disposable incomes and willingness to travel and/or pay tolls; attractiveness of toll facilities reduced due to less travel demand and therefore less congestion on alternatives.

Beginning in model year 2023, this COVID-19 scenario assumes that a new normal is reached through a combination of factors, that impact both trip matrix growth that is input into our network modeling, and through a parameter adjustment in our forecasting model

We established the river crossing trip growth for this new normal reflecting the following:

- **Peak period auto traffic:** this traffic has experienced a greater decrease than for off-peak, and this trend is likely to occur through a behavioral change to include more people working from home; we expect peak period auto traffic to be lower in 2023 than it had been in 2019.
- **Off-peak period auto traffic:** this traffic did not decrease as much and is recovering faster; we expect off-peak period auto traffic to return to 2019 levels by 2023.
- **Truck traffic:** truck traffic did not decrease as much as auto traffic and has often been higher YOY recently; we assume truck traffic will return to 2019 levels by end of 2020 and then grow by 1% a year till 2023.

Beyond 2023, we expect river crossing traffic growth to occur at the forecasted levels noted above in Table 3.6. The final growth rates we applied to river crossing trips is summarized in Table 3.8.

Table 3.8: Post-COVID-19 River Crossing Trip Growth Rates (CAGR)

Period (Calendar Year)	Autos		Trucks	
	Pk	OP	Pk	OP
2019-2023	-0.61%	0%	0.75%	0.75%
2023-2030	1.10%	1.11%	1.10%	1.11%
2030-2040	1.01%	1.02%	1.01%	1.02%

Source: Steer

In addition to the network model change, we made an adjustment to the forecasting model by assuming a reduction in the share of auto transactions that are in the frequent user program.

Consistent with the increase in working from home assumption, we assume that there will be less commuting trips in the frequent user program, and specifically reduce this factor from 15.6% to 14.0% of auto transactions. We note that this is a higher share than the 10.4% observed in FY 2021.

Forecasting Assumptions

Summary of Key Assumptions

The following table summarizes our key forecasting assumptions in our forecasts

Table 3.9: List of Key Assumption

Assumption	Comment
Forecasting Approach	Use network model outputs to pivot from actual T&R
<i>Network Model</i>	
Base Year	Calibrated to 2019 average weekday conditions
Future Toll Rates	Toll rates are assumed to increase at 2.5% per year
Future Years	2023, (short term forecast), 2030 (mid-term forecast) and 2040 (long term forecast)
Time periods	<ul style="list-style-type: none"> • AM1 – 1hr (06:00 – 07:00) • AM2 – 1hr (07:00 – 08:00) • AM3 – 1hr (08:00 – 09:00) • MD – 6hr (09:00 – 15:00) • PM1 – 1hr (15:00 – 16:00) • PM2 – 1hr (16:00 – 17:00) • PM3 – 1hr (17:00 – 18:00) • PM4 – 1hr (18:00 - 19:00) • NT – 11hr (19:00 - 06:00)
Vehicle Types	<ul style="list-style-type: none"> • Passenger Cars • Small Trucks • Large Truck

Assumption	Comment																				
Future Demand	River crossing trips in trip matrices grown at following CAGRs:																				
	<table><tr><th>Time Period</th><th>Auto Peak</th><th>Auto Off-Peak</th><th>Truck Peak</th><th>Truck Off-Peak</th></tr><tr><td>2019-2023</td><td>-0.61%</td><td>0%</td><td>0.75%</td><td>0.75%</td></tr><tr><td>2023-2030</td><td>1.10%</td><td>1.11%</td><td>1.10%</td><td>1.11%</td></tr><tr><td>2030-2040</td><td>1.01%</td><td>1.02%</td><td>1.01%</td><td>1.02%</td></tr></table>	Time Period	Auto Peak	Auto Off-Peak	Truck Peak	Truck Off-Peak	2019-2023	-0.61%	0%	0.75%	0.75%	2023-2030	1.10%	1.11%	1.10%	1.11%	2030-2040	1.01%	1.02%	1.01%	1.02%
	Time Period	Auto Peak	Auto Off-Peak	Truck Peak	Truck Off-Peak																
	2019-2023	-0.61%	0%	0.75%	0.75%																
	2023-2030	1.10%	1.11%	1.10%	1.11%																
	2030-2040	1.01%	1.02%	1.01%	1.02%																
Other trips in matrices are grown as in regional travel demand model																					
Beyond 2040, we grew tolled transactions based on prior year transaction growth:																					
<ul style="list-style-type: none">2041-2050: 75% of 2030 – 2040 CAGR;Beyond 2050: 50% of 2030 – 2040 CAGR																					
VOT (2019 \$/hour)	<ul style="list-style-type: none">Passenger Cars: 3 equally proportioned groups: \$6.17, \$14.21, and \$32.35Small Trucks: 3 equally proportioned groups: \$20.98, \$48.32, and \$109.98Heavy Trucks: 3 equally proportioned groups: \$33.33, \$97.50, and \$225.00																				
Video VOT Uplift	Video VOTs is 25% higher																				
VOT Growth	VOT grows 0.5% per year in real terms																				
Vehicle Operating Cost (VOC)	<ul style="list-style-type: none">Auto: \$0.175 / mileMedium Trucks: \$0.874 / mileHeavy Trucks: \$1.093 / mile																				
Discounts and Fees	2-axle frequent user discount: 50% of 2-axle transponder toll rate for 40+ trips Pay by Plate Surcharge: 100% of 2-axle transponder toll rate																				
Motorway Bonus	Reflecting travelers’ preference to travel on limited access highways compared to lower quality alternatives, we apply a 15% increase to travel time on non-limited access highways.																				
Forecasting Model																					
FY 2021-2022	COVID-19 recovery trajectory assumed the following percentage of FY 2019 transactions will occur: <ul style="list-style-type: none">2022: 97.5% We then established the corresponding revenues for FY 2022 by applying the modeled average toll rate by these transaction values																				
Pay by Plate Share of Transactions	33.8% in FY 2019 and proportioned in the future based on index of network model’s forecasted share of future year / base year. Resulting transaction split between transponder and pay by plate: <ul style="list-style-type: none">2019: 66%/34%2023: 77%/23%2030: 88%/12%2040: 88%/12%																				
Frequent User Discount Program Usage	15.6% of total 2-axle transactions in FY 2019 is assumed to reduce to 14.0% in the future to reflect a behavioral change towards additional working from home																				
Leakage and Unpaid Rate	A reduction of 28.4% is applied to pay by plate toll revenue based on -29.0% calculated rate and a +0.6% reconciliation factor applied to reconcile due to																				

Assumption	Comment
	differences between data sources used in the calculations; these rates are applied to all pay by plate transactions throughout forecast period.
Ramp-Up	Traffic and revenue appear to have moved beyond ramp-up, with the possible exception of the East End Crossing. We have conservatively not applied any ramp-up adjustments, since if we assumed that East End Crossing was still ramping up, we would have factored up the forecasts for East End Crossing traffic over the next couple years which is the period we are applying the COVID-19 recovery trajectory.

Source: Steer

Other Considerations

In addition to the key model assumptions previously discussed and summarized in the table above, the traffic and revenue estimates are predicated on the following basic assumptions:

- The socioeconomic conditions and associated growth will occur as described.
- Traveler behavior and willingness to pay to use the Riverlink Project remain similar to existing behavior and are consistent with VOTs shown in Table 3.9.
- There is no major additional capacity added across the Ohio River in the study area.
- The Riverlink Project will continue to be efficiently maintained and operated.
- The transponder and video toll collection market share will be at the levels specified in Table 3.9.
- Toll rates will continue to increase 2.5% annually.
- Inflation will occur at 2.5% annually.
- The levels of toll leakage will occur as described in this chapter.
- Motor fuel will remain in adequate supply during the forecast period, with fuel prices, including Federal and State fuel taxes, not to exceed \$4.50 per gallon adjusted for inflation.
- No new transportation service or technology will be introduced that would radically change travel behavior and preferences during the forecast period.

Any diversion from the above assumptions could materially impact the outcomes.

4 Updated Traffic & Revenue Forecasts

Updated Traffic & Revenue Forecasts

Applying all the adjustments to our model described above, we developed updated traffic and revenue forecasts. Table 4.1 presents these updated forecasts and compares them to the original 2013 forecasts. The table shows that the updated forecasts have lower toll transaction and revenue levels than in the 2013 forecasts, with the transaction levels showing a deeper decrease than revenue. A key driver of the deeper transaction decrease is a lower share of frequent user discount program transactions than had been assumed in the 2013 forecasts now based on the observed usage levels. The table also shows a larger revenue decrease in the updated forecasts in the initial years, reflecting the recovery from COVID-19.

Table 4.1: Comparison of Updated and Prior Transactions and Revenue Forecasts (000s and 000s Nominal Dollars)

Fiscal Year	2013 Forecasts		Updated Forecasts		% Change	
	Transactions	Annual Revenue Less Leakage and Unpaid Tolls	Transactions	Annual Revenue Less Leakage and Unpaid Tolls	Transactions	Annual Revenue Less Leakage and Unpaid Tolls
2020	33,575	\$110,248	30,038	\$100,470	-10.5%	-8.9%
2021	35,122	\$117,222	29,635	\$103,721	-15.6%	-11.5%
2022	36,162	\$122,529	32,533	\$116,408	-10.0%	-5.0%
2023	36,683	\$126,165	33,768	\$123,297	-7.9%	-2.3%
2024	37,238	\$130,096	34,268	\$127,562	-8.0%	-1.9%
2025	37,811	\$134,281	34,775	\$132,014	-8.0%	-1.7%
2026	38,418	\$138,703	35,291	\$136,659	-8.1%	-1.5%
2027	39,058	\$143,377	35,815	\$141,503	-8.3%	-1.3%
2028	39,734	\$148,198	36,346	\$146,554	-8.5%	-1.1%
2029	40,445	\$153,297	36,886	\$151,818	-8.8%	-1.0%
2030	41,193	\$158,691	37,403	\$157,391	-9.2%	-0.8%
2031	41,930	\$164,985	37,894	\$163,279	-9.6%	-1.0%
2032	42,643	\$172,079	38,393	\$169,390	-10.0%	-1.6%
2033	43,368	\$179,381	38,900	\$175,733	-10.3%	-2.0%
2034	44,105	\$186,994	39,415	\$182,318	-10.6%	-2.5%
2035	44,855	\$194,931	39,937	\$189,154	-11.0%	-3.0%
2036	45,522	\$202,773	40,467	\$196,250	-11.1%	-3.2%
2037	46,103	\$210,497	41,006	\$203,617	-11.1%	-3.3%
2038	46,692	\$218,517	41,553	\$211,264	-11.0%	-3.3%
2039	47,288	\$226,843	42,108	\$219,204	-11.0%	-3.4%
2040	47,892	\$235,486	42,595	\$227,149	-11.1%	-3.5%
2041	48,402	\$243,936	43,012	\$235,080	-11.1%	-3.6%
2042	48,814	\$252,167	43,433	\$243,291	-11.0%	-3.5%
2043	49,230	\$260,676	43,859	\$251,790	-10.9%	-3.4%
2044	49,650	\$269,472	44,290	\$260,588	-10.8%	-3.3%
2045	50,073	\$278,566	44,725	\$269,695	-10.7%	-3.2%
2046	50,500	\$287,967	45,164	\$279,123	-10.6%	-3.1%
2047	50,931	\$297,685	45,609	\$288,884	-10.5%	-3.0%
2048	51,366	\$307,732	46,058	\$298,987	-10.3%	-2.8%
2049	51,804	\$318,119	46,512	\$309,447	-10.2%	-2.7%
2050	52,246	\$328,857	46,894	\$319,757	-10.2%	-2.8%
2051	52,692	\$339,958	47,202	\$329,883	-10.4%	-3.0%
2052	53,142	\$351,434	47,513	\$340,330	-10.6%	-3.2%
2053	53,596	\$363,298	47,826	\$351,110	-10.8%	-3.4%
2054	54,053	\$375,563	48,142	\$362,232	-10.9%	-3.5%

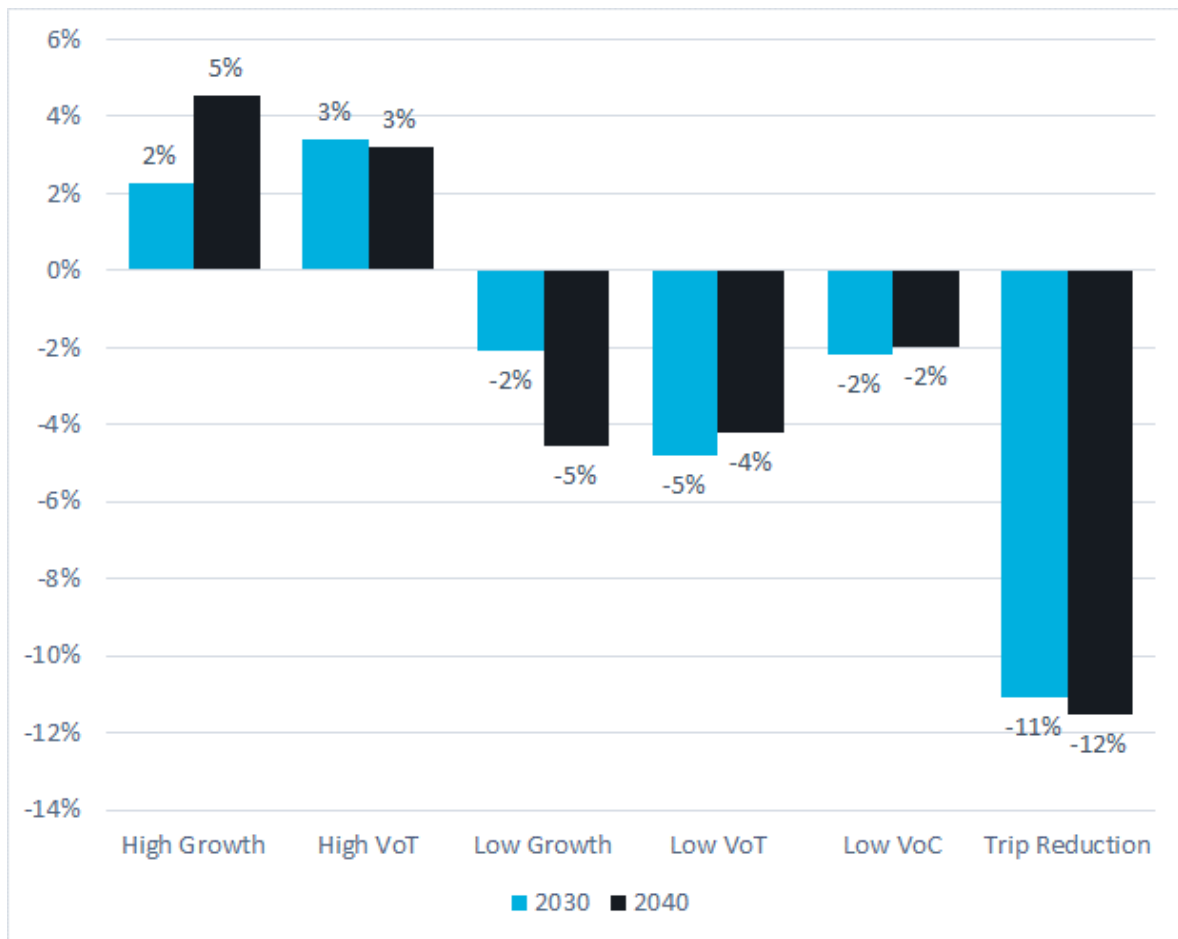
Note: XXX represents actual performance

Sensitivity Tests

We conducted sensitivity testing to the network model in order to understand the impacts that different model assumptions would have on the traffic and revenue forecasts. This allowed us to identify the severity of the risks posed if events were to materialize differently than expected. Specifically, we evaluated the following 6 risk scenarios for the forecast years 2018 and 2030 against the base case.

- ‘High Growth’ Scenario: this scenario considers the situation where travel growth above 2019 levels is increased by 25% above base case growth. This scenario represents the case where the growth in tripmaking above the base year is higher than the base case forecasts.
- ‘High VOT’ Scenario: this scenario considers the situation where travelers’ values of time (VOTs), representing their willingness to pay tolls, are 25% higher than in the base case. This scenario reflects the case where the base model underestimates travelers’ willingness to pay a toll to use the tolled bridges.
- ‘Low Growth’ Scenario: this scenario considers the situation where travel growth above 2019 levels is 25% lower than the growth that occurs in the base case. This scenario represents the case where the growth in tripmaking above the base year is lower than the base case forecasts.
- ‘Low VOT’ Scenario: this scenario considers the situation where travelers’ VOTs, representing their willingness to pay tolls, are 25% lower than in the base case. This scenario reflects the case where the base model overestimates travelers’ willingness to pay a toll to use the tolled bridges.
- ‘Low VOC’ Scenario: this scenario considers the situation where travelers’ perceived vehicle operating costs (VOC) are only 25% less than assumed for the base case.
- ‘Trip Reduction’ Scenario: this scenario considers the situation where the level of travel is 10% lower than base case levels (representing for example a large fuel price increase or an economic recession, both of which would reduce the overall level of travel).

Figure 4.1 presents the revenue impacts of the tests in model years 2030 and 2040. The results show relatively symmetric results for the VOT and growth tests. The results also show as expected, a greater impact in 2040 compared to 2030 for the growth tests due to the 25% of growth representing a larger number of absolute trips in 2040 than 2030. The results show that the VOC has a relatively low impact on the forecasts. Overall, the test with the largest impact was the trip reduction test which resulted in a revenue reduction of 11% in 2030 and 12% in 2040.

Figure 4.1: Revenue Changes Associated with Sensitivity Tests

Source: Steer

Slower COVID-19 Recovery Case

While our base 2020 traffic and revenue forecasts presented earlier in Table 4.1 represent a reasonable view on the impact and recovery of COVID-19, we note that there is a high amount of uncertainty around both the economic and behavioral impacts of COVID-19 and the resulting impacts on travel demand. In this section, we present an alternate scenario that shows slower COVID-19 recovery.

We have structured this COVID-19 scenario through impacts into two periods:

- 2020-2022: direct impact of COVID-19 including imposed travel restrictions followed by reopening and recovery towards a “new normal”; and
- 2023 and beyond: “new normal” in a post COVID-19 world.

2020 - 2022

In this scenario for COVID-19 recovery, we slow down the recovery trajectory and assumed the following percentage of FY 2019 transactions will occur in FY 2020, 2021, and 2022:

- 2020: 90%¹¹
- 2021: 80%
- 2022: 90%

We then established the corresponding revenues for FY 2021 and 2022 by applying the modeled average toll rate by these transaction values.

2023 and Beyond

Beginning in model year 2023, this COVID-19 scenario assumes that a new normal is reached with the river crossing trip growth in the network model for this new normal reflecting the following:

- There is no growth from 2019 to 2023 for any vehicle category, with trucks returning to 2023 levels by 2019 while autos are reduced for both peak and off-peak periods.
- Beyond 2023, we set river crossing traffic growth at the levels we estimated in 2019, rather than reflecting the faster growth beyond 2023 that we had forecast in 2020.

The final growth rates we applied to river crossing trips in this Slow Recovery Scenario is summarized in Table 4.2.

Table 4.2: Slow Recovery Scenario River Crossing Trip Growth Rates (CAGR)

Period	Autos		Trucks	
	Pk	OP	Pk	OP
2019-2023	-1.25%	-0.63%	0.00%	0.00%
2023-2030	1.03%	1.04%	1.03%	1.04%
2030-2040	0.99%	1.00%	0.99%	1.00%

Source: Steer

Consistent with the more conservative assumptions of the Slow Recovery Scenario, we do not adjust the share of auto transactions that are in the frequent user program. Specifically, we maintain this factor at the 15.6% share of auto transactions that was observed in FY 2019. This assumption reflects that if there is an increase in working from home, those trips would be from less frequent commuters who are not part of the frequent user program.

Table 4.3 presents the Slow Recovery Scenario traffic and revenue forecasts. It shows a larger decrease of 7.7% in both transactions and revenue in FY2022 during the recovery period. After the start of the new normal in FY2023, the reduction begins at a little over 2% and grows to around 4% by the end of the forecast horizon.

¹¹ The FY 2020 value is based on actual performance which had eight and a half months prior to COVID-19 impacts.

Table 4.3: Slow Recovery Case Annual Transaction Estimates and Comparisons (000s and 000s Nominal Dollars)

Fiscal Year	Updated Base Forecasts		Slow Recovery Case Forecasts		% Change	
	Transactions	Annual Revenue Less Leakage and Unpaid Tolls	Transactions	Annual Revenue Less Leakage and Unpaid Tolls	Transactions	Annual Revenue Less Leakage and Unpaid Tolls
2022	32,533	\$116,408	30,030	\$107,481	-7.7%	-7.7%
2023	33,768	\$123,297	33,023	\$120,639	-2.2%	-2.2%
2024	34,268	\$127,562	33,448	\$124,630	-2.4%	-2.3%
2025	34,775	\$132,014	33,879	\$128,793	-2.6%	-2.4%
2026	35,291	\$136,659	34,317	\$133,134	-2.8%	-2.6%
2027	35,815	\$141,503	34,761	\$137,659	-2.9%	-2.7%
2028	36,346	\$146,554	35,212	\$142,372	-3.1%	-2.9%
2029	36,886	\$151,818	35,670	\$147,279	-3.3%	-3.0%
2030	37,403	\$157,391	36,129	\$152,544	-3.4%	-3.1%
2031	37,894	\$163,279	36,588	\$158,175	-3.4%	-3.1%
2032	38,393	\$169,390	37,054	\$164,017	-3.5%	-3.2%
2033	38,900	\$175,733	37,528	\$170,079	-3.5%	-3.2%
2034	39,415	\$182,318	38,008	\$176,369	-3.6%	-3.3%
2035	39,937	\$189,154	38,496	\$182,896	-3.6%	-3.3%
2036	40,467	\$196,250	38,991	\$189,668	-3.6%	-3.4%
2037	41,006	\$203,617	39,494	\$196,696	-3.7%	-3.4%
2038	41,553	\$211,264	40,005	\$203,989	-3.7%	-3.4%
2039	42,108	\$219,204	40,523	\$211,558	-3.8%	-3.5%
2040	42,595	\$227,149	40,977	\$219,142	-3.8%	-3.5%
2041	43,012	\$235,080	41,366	\$226,727	-3.8%	-3.6%
2042	43,433	\$243,291	41,759	\$234,576	-3.9%	-3.6%
2043	43,859	\$251,790	42,155	\$242,698	-3.9%	-3.6%
2044	44,290	\$260,588	42,556	\$251,105	-3.9%	-3.6%
2045	44,725	\$269,695	42,961	\$259,805	-3.9%	-3.7%
2046	45,164	\$279,123	43,371	\$268,809	-4.0%	-3.7%
2047	45,609	\$288,884	43,785	\$278,128	-4.0%	-3.7%
2048	46,058	\$298,987	44,203	\$287,773	-4.0%	-3.8%
2049	46,512	\$309,447	44,625	\$297,755	-4.1%	-3.8%
2050	46,894	\$319,757	44,981	\$307,603	-4.1%	-3.8%
2051	47,202	\$329,883	45,268	\$317,283	-4.1%	-3.8%
2052	47,513	\$340,330	45,558	\$327,270	-4.1%	-3.8%
2053	47,826	\$351,110	45,849	\$337,572	-4.1%	-3.9%
2054	48,142	\$362,232	46,142	\$348,200	-4.2%	-3.9%

Conclusions

Through this report, we present the initial performance of the RiverLink toll system, the impacts of COVID-19 on RiverLink traffic and revenue, the updates we made to our traffic forecasting methodology, refinements to assumptions/inputs, and our updated traffic and revenue forecasts. The initial traffic and revenue performance has been stronger than originally forecast until COVID-19, providing a solid foundation for the success of the project. Our updated forecasts that reflect a COVID-19 scenario show a recovery period and then continued growth in traffic and revenue, although the updated revenue forecasts are a little lower, but generally in-line, with the original 2013 forecasts. This reaffirms our positive view of the project.

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CONSULTING ENGINEER'S REPORT

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Louisville – Southern Indiana Ohio River Bridges Project



Kentucky Public Transportation Infrastructure Authority (KPTIA)

**EXECUTIVE SUMMARY & COMPARISON OF
2013 and 2020 O&M STUDIES
January 15, 2021**

DISCLAIMER

In preparing this Report, HNTB relied on data and information provided by third parties. This information has not been independently verified by HNTB, and HNTB has assumed the information to be accurate, complete, reliable, and current. Therefore, while HNTB has utilized its best efforts in preparing the Report, HNTB does not warrant or guarantee the conclusions set forth therein. Further, HNTB is not, and has not been, a municipal advisor as defined in Federal law (the Dodd Frank Bill) and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act with respect to the financial information provided in the Report. Those reviewing this Report should discuss the information and material contained in the Report with any and all internal and external advisors deemed appropriate before acting on this information

LOUISVILLE – SOUTHERN INDIANA OHIO RIVER BRIDGES PROJECT

Introduction

This Executive Summary is summarized from the Kentucky Public Transportation Infrastructure Authority (KPTIA) 2020 Financial Plan Annual Update Operations and Maintenance Cost Analysis Report (2020 O&M Report) prepared by HNTB Corporation for PFM Financial and KPTIA. The purpose of the 2020 O&M Report is to provide the background and methodology to quantify and estimate long-term operations and maintenance (O&M) and capital costs (projected maintenance and reconstruction (M&R) costs) for Sections 1, 2 (Downtown Crossing) and 4A (East End Crossing) of the Louisville-Southern Indiana Ohio River Bridges Project (LSIORB Project). The 2020 O&M Report accounts for reasonably anticipated future operations and maintenance and major maintenance expenditures. In addition, this Executive Summary includes a comparison of the costs and methodology from the original 2013 O&M Cost Analysis report and the 2020 O&M Report.

2013 Final Engineering Report Including O&M Projections Methodology

On October 21, 2013, KPTIA released the Final Engineering Report for the LSIORB Project. Section 8 of the Report, “Operations, Maintenance, Renewal and Replacement” (2013 Report) described the overall routine O&M Plan, anticipated capital and routine maintenance and replacement items (M&R projected costs) including future O&M cost projections. The 2013 Report estimated both fixed and variable O&M costs including salaries and fringe benefit burden and other related costs divided into administration, facility maintenance, and traffic operations. The 2013 Report projected O&M and M&R costs for years 2017 thru 2060.

The data and information used to develop the 2013 LSIORB M&R Cost Analysis were collected from and based on similar major interstate reconstruction projects having tolling and operations and maintenance requirements on the public agency. The similar projects referred to in the 2013 Study included the Detroit River International Crossing (DRIC) and the Peace Bridge, as well as other bridge and toll authorities accepted industry practices. The 2013 Report also supplemented their projected M&R costs with information provided by KYTC from recent rehabilitation project costs and frequencies for the existing Kennedy Bridge. The projected M&R costs for the tunnel in section 4A on the east end were determined by estimating that 75% of the projected M&R costs for the new Kennedy Bridge M&R costs would be applicable for the tunnel M&R costs. According to a publication dated 2005 in the proceedings of the American Society of Civil Engineers (ASCE) Construction Research Congress, tunnel O&M and large bridge costs are similar for the first 65 years.

2020 Final Engineering Report Including O&M Projections Methodology

For the O&M portion of the 2020 O&M Report, KPTIA provided HNTB with their actual fiscal year 2020 and 2021 summaries of the Permissible General O&M Expenses that were actually incurred on the Project. These summaries all actual paid out cash maintenance and operation costs incurred in connection with the O&M of the Project. Items that were deemed not to be projected, recurring O&M expenses (one-time occurrence type expenditures) were not included in the annual projected total O&M costs. The total O&M costs for fiscal year 2020 and 2021 were then averaged. This average O&M cost was then utilized as the initial, 2020 base year cost for the future O&M projections.

For the M&R portion of the 2020 O&M Report, existing “As-Built” construction plans for Sections 1, 2 and 4A were provided by KYTC. HNTB identified and quantified all the major physical assets within these Sections including all roadways, bridges, drainage structures, retaining walls, tunnel infrastructure, signing, lighting, ITS and pavement markings. HNTB utilized standard industry and KYTC road and bridge maintenance rehabilitation practices and occurrence cycles to determine projected M&R for all the facilities in Sections 1,2 and 4A. For the east end tunnel, HNTB identified the known infrastructure in the tunnel that will require routine maintenance and replacement over the O&M period. HNTB’s tunnel experts consulted with other tunnel industry experts to estimate what the future M&R costs would be for the tunnel structure and for all the infrastructure including ventilation systems, fire prevention, lighting, emergency access and other

LOUISVILLE – SOUTHERN INDIANA OHIO RIVER BRIDGES PROJECT

associated facilities in the tunnel. The tunnel experts utilized actual M&R costs from similar tunnel projects in the United States.

O&M Summary & Comparison: 2013 vs. 2020

The 2013 Report estimated the projected O&M costs with many assumptions based on future anticipated staffing, equipment, facilities and other resources that may be needed, whereas the 2020 Report utilized actual O&M expenditures and cost data provided by KPTIA over a two year period. The 2020 Report included projected costs based on actual incurred expenditures instead of the 2013 Report which utilized assumed expenditures.

Figure 1 in **Graphs** compares the 2013 and 2020 O&M analyses. The 2017 update is also included for reference. This graph shows the cumulative cost over time, as this provides the clearest comparison since specific maintenance cycles may vary slightly between analyses. *Figure 1* shows that compared to 2013, the 2020 analysis has higher O&M costs.

M&R Summary & Comparison: 2013 vs. 2020

The 2013 Report estimated the future road and bridge infrastructure cost for the LSIORB project whereas the 2020 Report used actual “as-built” information. In addition, the 2013 Report utilized projected M&R costs based on and scaled from the costs from other projects (DRIC, Peace Bridge) having O&M requirements. The 2013 Report estimated M&R costs for the tunnel based on an approximation of 75% of what the M&R costs would be for the Kennedy Bridge whereas the 2020 Report used actual data from the “as-built” tunnel along with actual costs from tunnel M&R expenses from similar tunnel projects.

Figure 2 in **Graphs** compares the 2013 and 2020 M&R analyses. As with *Figure 1*, the cumulative cost is shown to better represent variations in maintenance cycles. Although the 2020 analysis reports higher O&M costs, *Figure 2* shows the 2020 analysis has lower M&R costs.

Figure 3 in **Graphs** shows the combined cumulative O&M and M&R costs for both the 2013 and 2020 analyses. The 2017 update is also included for reference. As mentioned earlier, the 2020 analysis reports higher O&M costs, but lower M&R costs when compared to the 2013 analysis. Part of these variations can be attributed to how different costs were categorized into M&R vs. O&M, but ultimately the same services are included collectively. With that in mind, as of 2060, the end of the 2013 analysis data, the 2020 update calculated by HNTB varies slightly from the 2013 analysis, depending on which year the existing Kennedy truss bridge is replaced with a new cable stay structure.

Additional Details

Figure 4 in **Graphs** further breaks down the 2020 analysis into each respective M&R category; the O&M costs are included for reference. Just as with the other figures, these costs represent the cumulative costs. To note, the 2020 analysis window extends out to 2070. In the other figures, only up until 2060 is shown; this is because the 2013 analysis did not evaluate beyond 2060, as such it is misleading to compare analyses with different timelines.

Graphs

Figure 1: O&M Running Total Cost Comparison

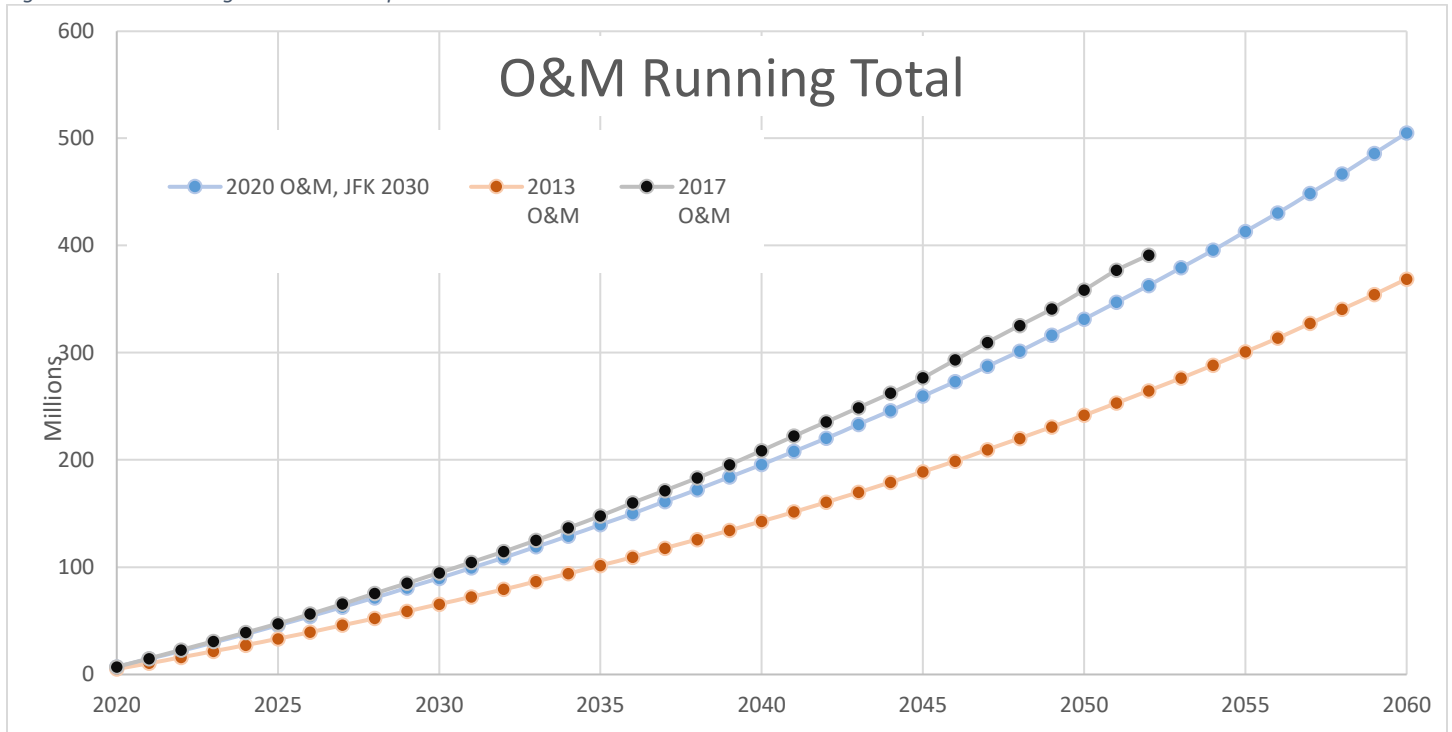
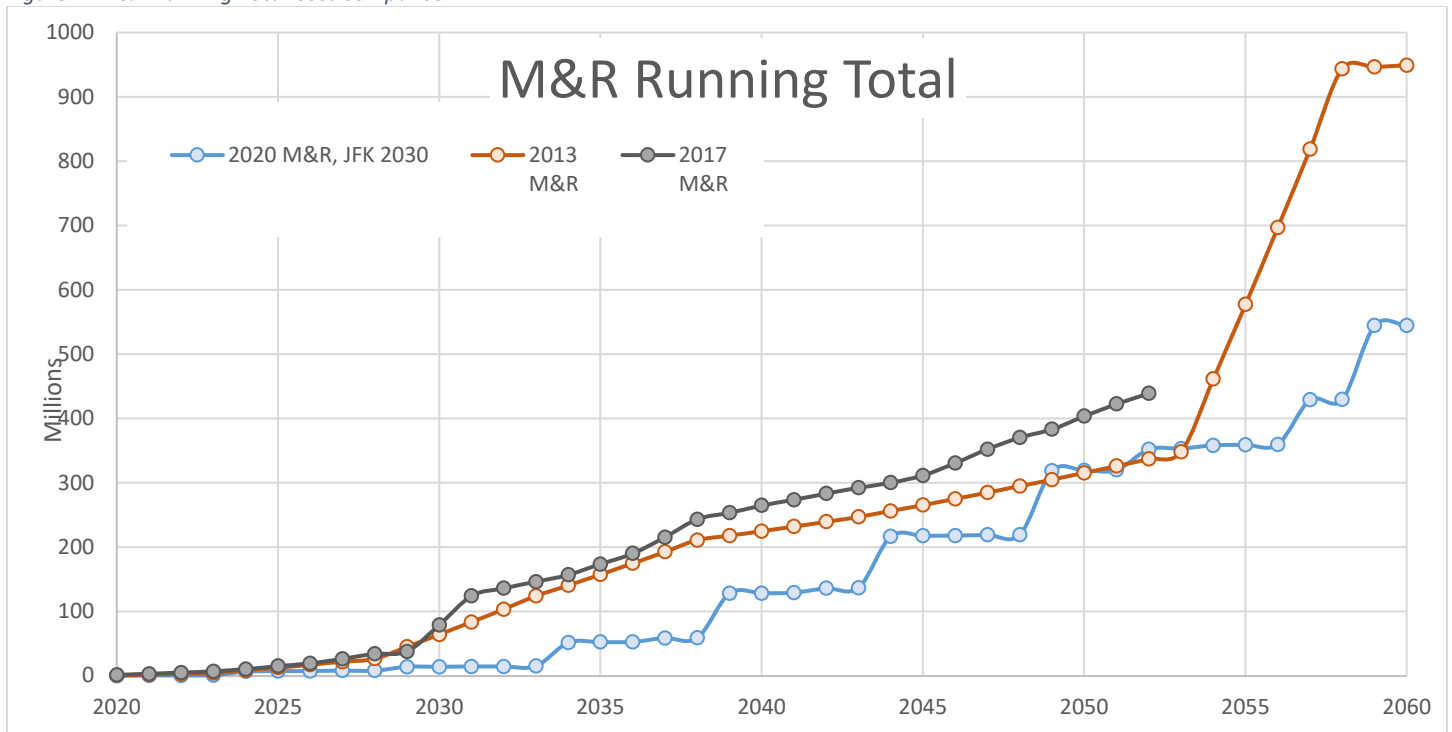


Figure 2: M&R Running Total Cost Comparison



LOUISVILLE – SOUTHERN INDIANA OHIO RIVER BRIDGES PROJECT



Figure 3: Running Total Cost, by Evaluation Year

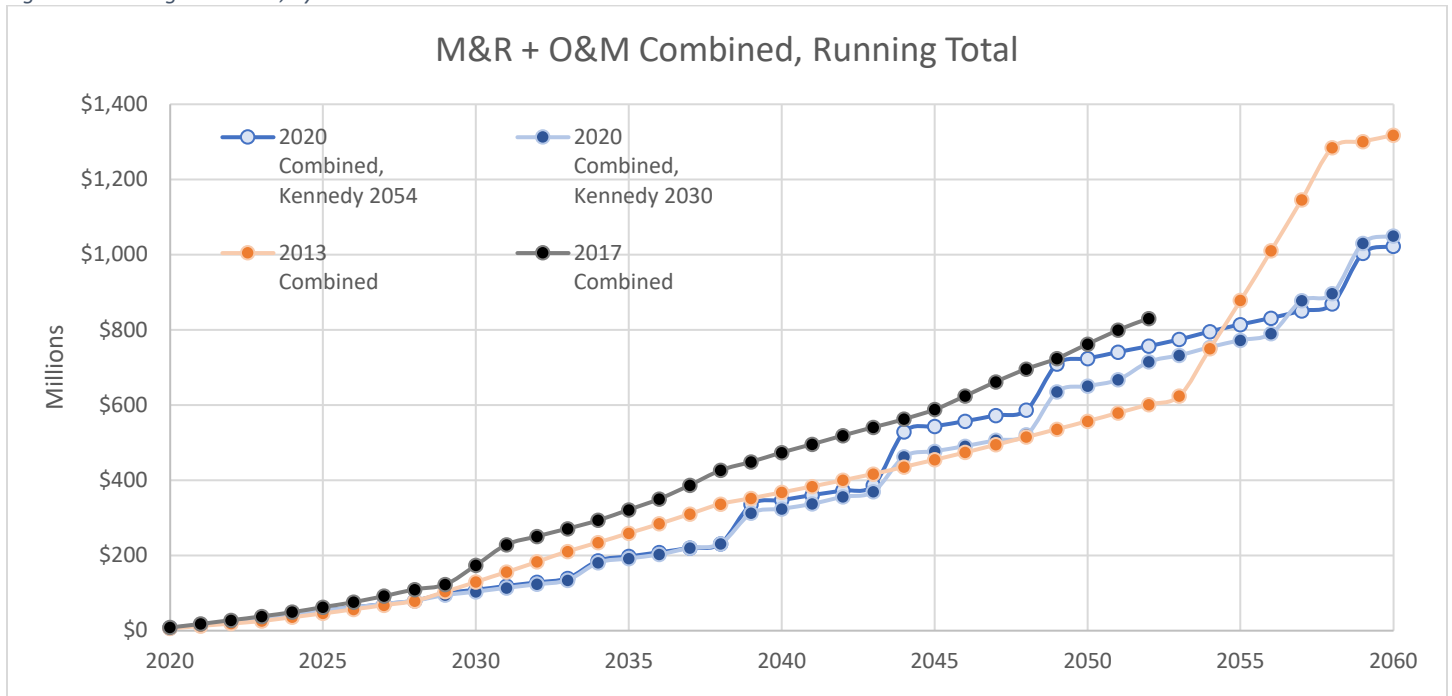
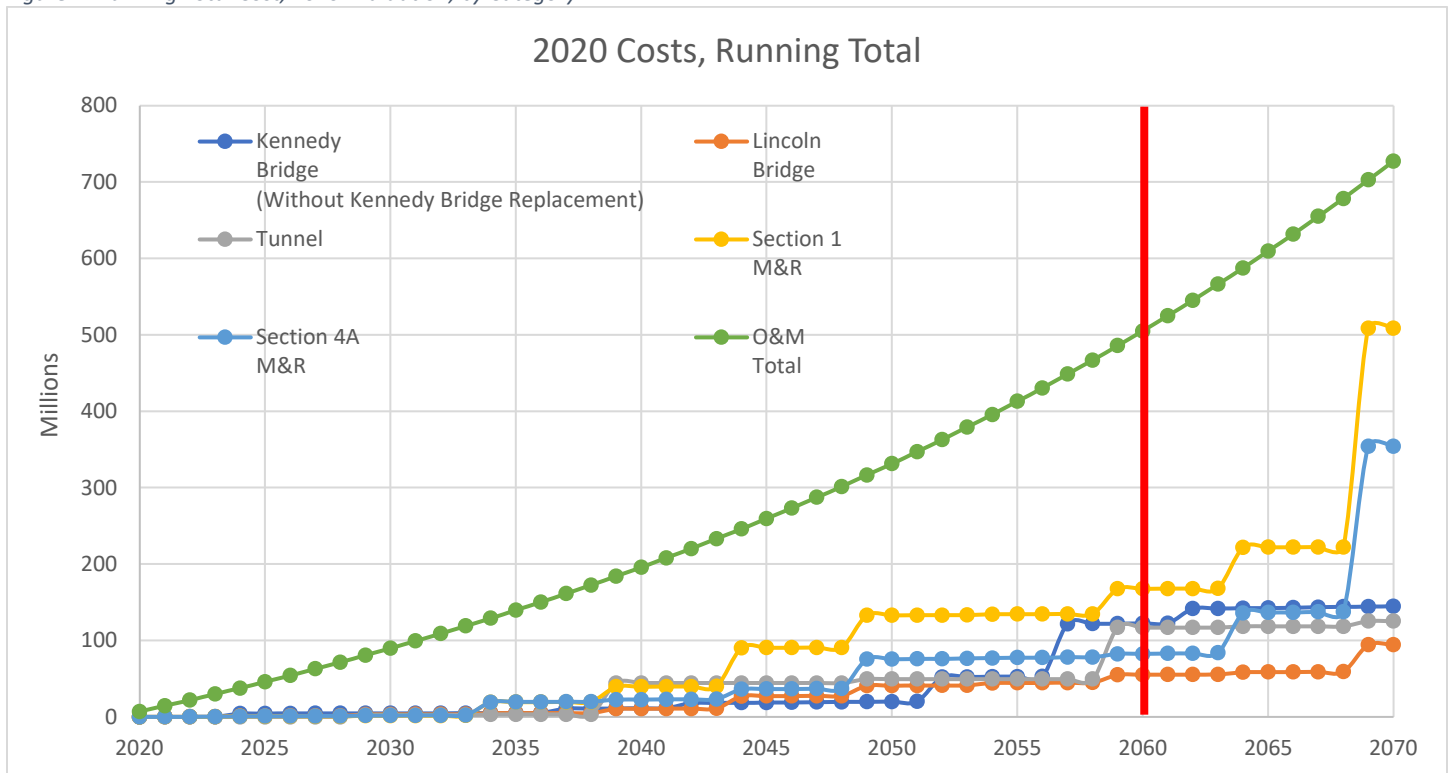


Figure 4: Running Total Cost, 2020 Evaluation, by Category



2060 is highlighted with a red vertical bar, as this is the end of the 2013 analysis window



**Louisville – Southern Indiana
Ohio River Bridges Project**



Kentucky Public Transportation Infrastructure Authority (KPTIA)

**2020 FINANCIAL PLAN ANNUAL UPDATE
Operations and Maintenance Cost Analysis Report
January 15, 2021**

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1.0 INTRODUCTION

The purpose of this Kentucky Public Transportation Infrastructure Authority (KPTIA) 2020 Financial Plan Annual Update is to provide the background and methodology to quantify and estimate long-term operations and maintenance (O&M) and capital costs for Sections 1, 2 (Downtown Crossing) and 4A (East End Crossing) of the Louisville-Southern Indiana Ohio River Bridges Project (LSIORB Project). It is understood that the Financial Plan for the Project must account for reasonably anticipated operations and maintenance costs. These costs include routine operations and maintenance expenditures, major maintenance requirements (“lifecycle costs”), and toll operations costs. Toll Operations and Revenue projections are not included in this document or O&M cost summary. Tolling costs and revenue are documented in another resource document.

Supporting data, resources, estimated costs, maintenance items, recurrence cycles and resources used in this Report were obtained from previous years KPTIA O&M Cost Analysis Reports, other similar O&M cost analysis performed by other state agencies in addition to utilizing standard industry practices and engineering judgement. This O&M Cost Analysis is meant to provide KPTIA with O&M projected cost data to support financial planning.

2.0 KPTIA O&M STUDY LIMITS

Construction of Sections 1, 2 (Downtown Crossing) and 4A (East End Crossing) was the responsibility of the Kentucky Transportation Cabinet (KYTC) while KPTIA is responsible for the tolling and financing of construction and operations and maintenance costs for these three Sections.

Section 1 includes the reconstructed roadways and bridges in the Kennedy Interchange (I-65, I-64 and I-71 system interchanges). Section 2 includes the new I-65 northbound cable stay bridge (Lincoln bridge) over the Ohio River and the existing I-65 southbound truss bridge (Kennedy bridge) over the Ohio River. Section 4A includes the new I-264 roadway extension, ramps and bridges between I-71 and the southern end of the new approach and cable stay bridge (Lewis and Clark bridge) over the Ohio River. Section 4B includes the new vehicular tunnel under the historic Drumanard Estate.

Sections 3, 4B, 5 and 6 were constructed by and are the responsibility of the Indiana Department of Transportation (INDOT).

Location Map for the Overall LSIORB Project



Downtown Crossing

1. Kennedy Interchange (KYTC Maintenance)
2. New I-65 Ohio River Bridge & Existing Kennedy Bridge (KYTC Maintenance)
3. Indiana I-65 Approach (Future INDOT Maintenance)

East End Crossing

- 4A. Kentucky Approach (Future KYTC Maintenance)
- 4B. Kentucky Approach (Future INDOT Maintenance)
5. New Ohio River Bridge (Future INDOT Maintenance)
6. Indiana Approaches (Future INDOT Maintenance)

3.0 PREVIOUS KPTIA O&M COST ANALYSIS

On October 21, 2013, KPTIA released the Final Engineering Report for the LSIORB Project. The Report covered all six Sections of the LSIORB Project. Section 8 of the Report, “Operations, Maintenance, Renewal and Replacement” described the overall routine O&M Plan, anticipated capital and routine maintenance and replacement items including future 50-year O&M cost projections. Appendix E of Section 8 of the Engineer’s Report detailed the Operations and Maintenance Cost Analysis including the summary of O&M costs projected for years 2017 thru 2060. Excerpts from Appendix E of the Engineer’s Report are included in Appendix A of this Report.

On December 13, 2017, the FHWA approved the 2017 Updated Annual Financial Plan for the Ohio River Bridges Project. The Updated Plan contained a section “Operations and Maintenance Costs” which included Table 5-5, Projected O&M Costs for years 2017 through 2068. The 2017 O&M projected costs were updated from the original 2013 Financial Plan O&M costs. Excerpts from the O&M portion of the 2017 Financial Plan are included in Appendix B.

Components from the 2013 and 2017 documents defining the methodology, maintenance items, cost analysis and other key features are utilized in this 2020 Financial Plan Updated O&M Report.

4.0 OPERATIONS AND MAINTENANCE COST ANALYSIS SPREADSHEET

Similar to the 2013 and 2017 O&M portions of the Financial Plan updates, Excel spreadsheets were utilized for this 2020 Report to capture and calculate the projected O&M costs. This 2020 analysis runs through year 2053. The KPTIA O&M Cost Analysis Excel spreadsheet includes numerous worksheets (described below) that are used as supporting information in developing the projected O&M costs.

5.0 OPERATIONS AND MAINTENANCE COST ANALYSIS – LONG TERM EXPENSES

This Operations and Maintenance Cost Analysis divides long-term projected expenses into three broad categories: Operations and Maintenance (O&M) Costs, Life Cycle Costs (M&R), and Capital and Replacement Costs.

- **Operations and Maintenance (O&M) Costs**
 - o Fixed O&M costs (staffing, business expenses, audits, etc.)
 - o Variable O&M costs (utility usage, landscaping, snow removal, etc.)
 - o Salaries, fringe benefit burden (staff, legal expenses, advisors, etc.)
 - o Divided between admin, facility maintenance, traffic operations and tolling
 - o Maintenance activities meant to preserve a facility over time, not meant to prolong the useful life of the facility.

KPTIA has provided HNTB with their fiscal year 2020 and 2021 summaries of the Permissible General O&M Expenses that were incurred on the Project. These summaries include all Toll System Collection Expenses, M&R Expenses, all actual cash maintenance and operation costs (excluding costs of capital expenditures) incurred in connection with the operation and maintenance of the Project. The 2020 and 2021 O&M expense cost summaries are included in Appendix C and are also summarized in the O&M Cost Analysis spreadsheet. In the worksheets, O&M expense items are categorized and summarized

for each fiscal year. Items that were deemed not to be projected, recurring O&M expenses (one-time occurrence type expenditures) were not included in the annual projected total O&M costs. The total O&M costs for fiscal year 2020 and 2021 were averaged. This average O&M cost was then utilized as the initial, 2020 base year cost for the future O&M projections. The 2013 and 2017 analysis appeared to estimate the O&M projected costs, whereas in this 2020 Report, actual O&M expenditures and cost data provided by KPTIA was utilized.

- **Life Cycle Costs – M&R Costs**

- Maintenance and Repair (M&R) Activities are necessary to ensure the useful life of the facility over time and to provide uninterrupted service attributed to failure.

Maintenance and repair (M&R) activities are often referred to as “lifecycle costs”. These activities are considered necessary to ensure the useful life of a facility over time and are required to provide continuous uninterrupted service attributed to failure or disrepair. Repairs are continuous over the life cycle of the facility due to damage, misuse, age and normal wear.

Routine maintenance for the new KYTC portion (Sections 1, 2 and 4A) of the LSIORB project is anticipated to include, but not be limited to the maintenance of the following items:

- Repair/maintenance of concrete and asphalt pavements
- Repair/maintenance of bridge decks, superstructures and substructures
- Repair/maintenance of pavement markings, signage, lighting and ITS components
- Repair/maintenance drainage, stormwater systems and slopes
- Repair/maintenance roadside appurtenances (repair of guardrail, barriers, attenuators)
- Repair/maintenance of Kennedy bridge
- Repair/maintenance of Lincoln bridge
- Repair/maintenance of East End Tunnel

During the initial years of operation, the new facility should require relatively minor upkeep and repairs. However, as the many elements of the facility are subjected to aging and wear increasing amounts of maintenance and rehabilitation will be required.

The O&M Cost Analysis spreadsheet includes worksheets for each of the Project’s major categories or components. Worksheets summarizing the current year 2020 Life Cycle costs are provided for the Kennedy bridge, the Lincoln bridge, the east end tunnel, Section 1 and Section 4A. Each worksheet includes a listing of the M&R items along with the quantity, unit price, calculated 2020 base year cost and the anticipated recurrence interval.

Existing “As-Built” construction plans for Sections 1, 2 and 4A were provided by KYTC. HNTB identified and quantified the major physical assets within these Sections including all roadways, bridges, drainage structures, retaining walls, signing, lighting, ITS and

pavement markings. Each of these major items were identified, quantified and summarized in supporting quantity summary Excel spreadsheets. The supporting spreadsheets include were developed by discipline: road, bridge, tunnel and traffic items.

As an example, the ORB Bridge Data supporting spreadsheet includes information and a quantity summary of every bridge within Section 1 of the Kennedy interchange. The total bridge deck areas in Section 1 are summarized and the total square footage is carried over to the Section 1 M&R worksheet. All the new bridges will require a thin deck overlay and partial depth deck repairs every 5 years. On average, it costs about \$14/sft to construct a thin deck overlay inclusive of all incidental costs. The worksheet includes the estimated total cost for all the thin deck overlays based on the total deck area multiplied by the unit cost needed at year 5 and year 10. At year 15, a rigid deck overlay, and more extensive repairs are typically needed but at a higher unit cost as compared to the thin deck overlay.

- **Capital and Replacement Costs**

The design life for all of the new Section 1 (downtown Kennedy interchange) and Section 4A (east end) bridges, the east end tunnel and the new Lincoln cable stay bridge is significantly longer than the 50-year analysis period. Therefore, this O&M Cost Analysis only programs major maintenance activities and not complete replacement of these items during the analysis period. There are several bridges (as noted below), roadway pavements and some traffic components that will require replacement during the 50-year analysis period. These items and their replacement costs and recurrence cycles are identified on the O&M Cost Analysis spreadsheet. Replacement of the existing Kennedy bridge is discussed below.

- I-65 northbound over Floyd St. and Liberty St. These two bridges were not replaced as part of the ORB project. In the future, these existing I-65 northbound bridges can be rehabilitated but will eventually need to be replaced during the analysis period.
- I-65 Southbound Truss Bridge over the Ohio River (Kennedy Bridge) was built in 1963, so it is almost 60 years old. Over the years, it has been rehabilitated many times to preserve and extend its useful life. This existing truss bridge was rehabilitated as a part of the LSIORB Project. The existing bridge deck, the entire drainage system, expansion joints, roadway lighting and other components were all replaced. Floor beams, stringers and other major structural components were repaired. The bridge was painted in 2008. These improvements will extend the life of the structure, but these and future structure rehabilitations will not be enough to allow the structure to remain in place for the entire 50-year analysis period. The existing truss bridge will need to be replaced in the future with a new cable stay structure similar to the new Lincoln bridge. The estimated cost to replace the existing with a new cable stay in 2020 dollars is about \$385,000,000. We have provided a cost analysis of projected O&M and capital costs for two options for the replacement of the Kennedy bridge:
 - Option 1-Continue to rehab the Kennedy bridge until year 2050 and then replace the bridge with a new cable stay

- Option 2- Continue to rehab the Kennedy bridge until year 2030 and then replace the bridge with a new cable stay.
- As noted in the cost analysis of the two options, the O&M costs will continue to escalate for Option 1 due to the age and increasing deterioration of the existing truss bridge. Replacing the bridge early in 2030 is an advantage that it minimizes the escalating O&M costs of the existing bridge.

6.0 FINANCIAL ANALYSIS and O&M COST PROJECTIONS SUMMARY

The O&M Cost Analysis spreadsheet is used to calculate the current year 2020 O&M and M&R costs for Sections 1, 2 and 4A including the Kennedy bridge, Lincoln bridge and the east end tunnel. To obtain projected costs for the analysis period, inflation is added to the 2020 base year costs. An inflation rate of 2% was utilized for this analysis. Table 1-1 below summarized the projected O&M, M&R and total for the each 2020 through 2053.

Year	O&M Costs	M&R Costs*
2020	\$ 7,090,000	\$ 80,000
2021	\$ 7,513,000	\$ 579,000
2022	\$ 7,449,000	\$ 84,000
2023	\$ 7,894,000	\$ 608,000
2024	\$ 7,826,000	\$ 5,605,000
2025	\$ 8,293,000	\$ 639,000
2026	\$ 8,222,000	\$ 93,000
2027	\$ 8,713,000	\$ 672,000
2028	\$ 8,638,000	\$ 97,000
2029	\$ 9,154,000	\$ 5,660,000
2030	\$ 9,076,000	\$ 19,000
2031	\$ 9,618,000	\$ 551,000
2032	\$ 9,535,000	\$ 20,000
2033	\$ 10,104,000	\$ 669,000
2034	\$ 10,018,000	\$ 36,577,000
2035	\$ 10,616,000	\$ 702,000
2036	\$ 10,525,000	\$ 238,000
2037	\$ 11,153,000	\$ 5,972,000
2038	\$ 11,058,000	\$ 250,000
2039	\$ 11,718,000	\$ 69,272,000
2040	\$ 11,618,000	\$ 262,000
2041	\$ 12,311,000	\$ 815,000
2042	\$ 12,206,000	\$ 6,754,000
2043	\$ 12,935,000	\$ 856,000
2044	\$ 12,824,000	\$ 79,819,000
2045	\$ 13,589,000	\$ 899,000
2046	\$ 13,473,000	\$ 304,000
2047	\$ 14,277,000	\$ 1,237,000
2048	\$ 14,155,000	\$ 319,000
2049	\$ 15,000,000	\$ 99,253,000
2050	\$ 14,872,000	\$ 336,000
2051	\$ 15,760,000	\$ 1,043,000
2052	\$ 15,625,000	\$ 31,951,000
2053	\$ 16,557,000	\$ 1,096,000
Totals	\$ 379,415,000	\$ 353,331,000

* M&R Costs do not include Kennedy Bridge replacement cost

Table 1-1 Projected Operations and Maintenance Costs (\$ in Millions)

APPENDIX A

EXCERPTS FROM

2013 OPERATIONS AND MAINTENANCE COST ANALYSIS

Appendix A

Monthly General O&M Expenses

Permissible General O&M Expenses:

To the extent permitted by the Act, (i) except for any Toll System Collection Expenses or M&R Expenses, all actual cash maintenance and operation costs (excluding costs of capital expenditures) incurred and paid (or if applicable forecast to be incurred and paid) in connection with the operation and maintenance of the Project and the Authority System in any particular calendar year, Fiscal Year or other period to which said term is applicable, including payments made pursuant to the Development Agreement (in each case excluding expenditures that constitute Costs related to the Project), payments for taxes (excluding income taxes), insurance, consumables, advertising, marketing, payments under real property agreements pursuant to which the Authority has rights in the Project and the Authority System, payments pursuant to the agreements for the management, operation or maintenance of the Project and the Authority System, reasonable legal fees and expenses paid by the Authority in connection with the management, maintenance or operation of the Project and the Authority System, fees paid in connection with obtaining, transferring, maintaining or amending any approvals from any Governmental Authority, costs incurred in connection with the performance of environmental mitigation work to be carried out by the Authority, amounts required for the acquisition of any Qualified Hedge or for deposits into any account maintained in accordance with the General Trust Indenture for such purposes and reasonable general and administrative expenses, but exclusive in all cases of noncash charges, including depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature; (ii) fees and expenses under a Reimbursement Agreement or Credit Facility that are not reimbursements for draws under a Credit Facility and (iii) TIFIA Servicing Fees.

July	
Downtown Operations	\$4,166
East End Operations	\$79,166
Downtown Maintenance	\$3,046
East End Maintenance	\$57,884
East End Mowing	\$4,220
East End Tunnel Cleaning	\$18,000
East End Preventative Maintenance	\$6,700
East End Graffiti Removal	\$2,260
East End Utility Bills	\$19,000
Downtown Utility Bills	\$5,000
Downtown Mowing	\$10,550
Downtown Graffiti Removal	\$2,260
ORB Load Ratings	\$42,000
JFK Finger Joints	\$184,000
Revenue Control Manager	\$42,500
Marketing and PR (Website and Social Media Included)	\$30,000

Toll Service Advisor	\$236,000
Commonwealth Office of Technology	\$2,000
Legal Expenses	\$1,000
Custodian Bank Accounts	\$250
Total for July	\$750,002

August	
Downtown Operations	\$4,166
East End Operations	\$79,166
Downtown Maintenance	\$3,046
East End Maintenance	\$57,884
East End Preventative Maintenance	\$6,700
East End Graffiti Removal	\$2,260
East End Utility Bills	\$19,000
Downtown Utility Bills	\$5,000
Downtown Graffiti Removal	\$2,260
JFK Finger Joints	\$184,000
ORB Load Ratings	\$42,000
Revenue Control Manager	\$42,500
Marketing and PR (Website and Social Media Included)	\$30,000
Toll Service Advisor	\$236,000
Commonwealth Office of Technology	\$2,000
Legal Expenses	\$1,000
Custodian Bank Accounts	\$250
Total for August	\$717,232

September	
Downtown Operations	\$4,166
East End Operations	\$79,166
Downtown Maintenance	\$3,046
East End Maintenance	\$57,884
East End Mowing	4,220
East End Preventative Maintenance	\$6,700
East End Graffiti Removal	\$2,260
East End Utility Bills	\$19,000
Downtown Utility Bills	\$5,000
Downtown Mowing	\$10,550
Downtown Graffiti Removal	\$2,260
JFK Finger Joints	\$184,000
ORB Load Ratings	\$42,000
ORB Inspections	\$30,000
Business Interruption Insurance	\$425,000

Revenue Control Manager	\$42,500
Marketing and PR (Website and Social Media Included)	\$30,000
Toll Service Advisor	\$236,000
Commonwealth Office of Technology	\$2,000
Legal Expenses	\$1,000
Custodian Bank Accounts	\$250
Total for September	\$1,187,002

October	
Downtown Operations	\$4,166
East End Operations	\$79,166
Downtown Maintenance	\$3,046
East End Maintenance	\$57,884
East End Tunnel Cleaning	\$18,000
East End Preventative Maintenance	\$6,700
East End Graffiti Removal	\$2,260
East End Utility Bills	\$19,000
Downtown Utility Bills	\$5,000
Downtown Graffiti Removal	\$2,260
JFK Finger Joints	\$184,000
ORB Load Ratings	\$42,000
ORB Inspections	\$30,000
Revenue Control Manager	\$42,500
Marketing and PR (Website and Social Media Included)	\$30,000
Toll Service Advisor	\$236,000
Legal Expenses	\$1,000
Commonwealth Office of Technology	\$2,000
Custodian Bank Accounts	\$250
Total for October	\$765,232

November	
Downtown Operations	\$4,166
East End Operations	\$79,166
Downtown Maintenance	\$3,046
East End Maintenance	\$57,884
East End Snow and Ice Removal	\$63,000
East End Preventative Maintenance	\$6,700
East End Graffiti Removal	\$2,260
East End Utility Bills	\$19,000
Downtown Utility Bills	\$5,000

Downtown Snow and Ice Removal	\$126,000
Downtown Graffiti Removal	\$2,260
ORB Load Ratings	\$42,000
JFK Finger Joints	\$184,000
ORB Inspections	\$30,000
Revenue Control Manager	\$42,500
Marketing and PR (Website and Social Media Included)	\$30,000
Toll Service Advisor	\$236,000
Loan Servicing	\$13,500
Legal Expenses	\$1,000
Commonwealth Office of Technology	\$2,000
Custodian Bank Accounts	\$250
Total for November	\$949,732

December	
Downtown Operations	\$4,166
East End Operations	\$79,166
Downtown Maintenance	\$3,046
East End Maintenance	\$57,884
East End Snow and Ice Removal	\$3,000
East End Preventative Maintenance	\$6,700
East End Graffiti Removal	\$2,260
East End Utility Bills	\$19,000
Downtown Utility Bills	\$5,000
Downtown Snow and Ice Removal	\$6,000
Downtown Graffiti Removal	\$2,260
JFK Finger Joints	\$184,000
ORB Load Ratings	\$42,000
ORB Inspections	\$30,000
Revenue Control Manager	\$42,500
Marketing and PR (Website and Social Media Included)	\$30,000
Toll Service Advisor	\$236,000
Commonwealth Office of Technology	\$2,000
Legal Expenses	\$1,000
Custodian Bank Accounts	\$250
Total for December	\$756,232

January	
Downtown Operations	\$4,166
East End Operations	\$79,166

Downtown Maintenance	\$3,046
East End Maintenance	\$57,884
East End Snow and Ice Removal	\$3,000
East End tunnel cleaning	\$18,000
East End preventative maintenance	\$6,700
East End Graffiti Removal	\$2,260
East End Utility Bills	\$19,000
Downtown Utility Bills	\$5,000
Downtown Snow and Ice Removal	\$6,000
Downtown Graffiti Removal	\$2,260
ORB Load Ratings	\$42,000
JFK Finger Joints	\$92,000
Revenue Control Manager	\$42,500
Trustee Fees	\$750
Marketing and PR (Website and Social Media Included)	\$40,000
Toll Service Advisor	\$236,000
Commonwealth Office of Technology	\$2,000
Legal Expenses	\$1,000
IBTTA Dues	\$26,500
Custodian Bank Accounts	\$250
Total for January	\$689,482

February	
Downtown Operations	\$4,166
East End Operations	\$79,166
Downtown Maintenance	\$3,046
East End Maintenance	\$57,884
East End Snow and Ice Removal	\$6,000
East End Preventative Maintenance	\$6,700
East End Graffiti Removal	\$2,260
East End Utility Bills	\$19,000
Downtown Utility Bills	\$5,000
Downtown Snow and Ice Removal	\$12,000
Downtown Graffiti Removal	\$2,260
JFK Finger Joints	\$92,000
US Bank	\$26,000
E-ZPass Dues	\$25,000
Rating Surveillance	\$40,000
Revenue Control Manager	\$42,500
Marketing and PR (Website and Social Media Included)	\$40,000
Toll Service Advisor	\$236,000
Legal Expenses	\$1,000

CAFR	\$60,000
Commonwealth Office of Technology	\$2,000
Custodian Bank Accounts	\$250
Total for February	\$762,232

March	
Downtown Operations	\$4,166
East End Operations	\$79,166
Downtown Maintenance	\$3,046
East End Maintenance	\$57,884
East End Mowing	\$4,220
East End Preventative Maintenance	\$6,700
East End Graffiti Removal	\$2,260
East End Utility Bills	\$19,000
Downtown Utility Bills	\$5,000
Downtown Mowing	\$10,550
Downtown Graffiti Removal	\$2,260
JFK Finger Joints	\$92,000
Revenue Control Manager	\$42,500
Marketing and PR (Website and Social Media Included)	\$40,000
Toll Service Advisor	\$236,000
Legal Expenses	\$1,000
Commonwealth Office of Technology	\$2,000
Custodian Bank Accounts	\$250
Total for March	\$608,002

April	
Downtown Operations	\$4,166
East End Operations	\$79,166
Downtown Maintenance	\$3,046
East End Maintenance	\$57,884
East End Tunnel Cleaning	\$18,000
East End Preventative Maintenance	\$6,700
East End Graffiti Removal	\$2,260
East End Utility Bills	\$19,000
Downtown Utility Bills	\$5,000
Downtown Graffiti Removal	\$2,260
Revenue Control Manager	\$42,500
Marketing and PR (Website and Social Media Included)	\$40,000
Toll Service Advisor	\$236,000
Commonwealth Office of Technology	\$2,000
Legal Expenses	\$1,000

Custodian Bank Accounts	\$250
Total for April	\$519,232

May	
Downtown Operations	\$4,166
East End Operations	\$79,166
Downtown Maintenance	\$3,046
East End Maintenance	\$57,884
East End Mowing	\$4,220
East End Preventative Maintenance	\$475,000
East End Graffiti Removal	\$2,260
East End Utility Bills	\$19,000
Downtown Utility Bills	\$5,000
Downtown Graffiti Removal	\$2,260
Downtown Preventative Maintenance	\$570,000
Revenue Control Manager	\$42,500
Marketing and PR (Website and Social Media Included)	\$40,000
Toll Service Advisor	\$236,000
Commonwealth Office of Technology	\$2,000
Legal Expenses	\$1,000
Custodian Bank Accounts	\$250
Total for May	\$1,543,752

June	
Downtown Operations	\$4,166
East End Operations	\$79,166
Downtown Maintenance	\$3,046
East End Maintenance	\$57,884
East End Mowing	\$4,220
East End Preventative Maintenance	\$6,700
East End Graffiti Removal	\$2,260
East End Utility Bills	\$19,000
Downtown Utility Bills	\$5,000
Downtown Mowing	\$10,550
Downtown Graffiti Removal	\$2,260
Downtown Preventative Maintenance	\$870,000
Revenue Control Manager	\$42,500
Marketing and PR (Website and Social Media Included)	\$40,000
Toll Service Advisor	\$236,000
Commonwealth Office of Technology	\$2,000
Legal Expenses	\$1,000
Business Interruption Insurance	\$410,000

Custodian Bank Accounts	\$250.00
Total for June	\$1,796,002

Appendix A

Monthly General O&M Expenses

Permissible General O&M Expenses:

To the extent permitted by the Act, (i) except for any Toll System Collection Expenses or M&R Expenses, all actual cash maintenance and operation costs (excluding costs of capital expenditures) incurred and paid (or if applicable forecast to be incurred and paid) in connection with the operation and maintenance of the Project and the Authority System in any particular calendar year, Fiscal Year or other period to which said term is applicable, including payments made pursuant to the Development Agreement (in each case excluding expenditures that constitute Costs related to the Project), payments for taxes (excluding income taxes), insurance, consumables, advertising, marketing, payments under real property agreements pursuant to which the Authority has rights in the Project and the Authority System, payments pursuant to the agreements for the management, operation or maintenance of the Project and the Authority System, reasonable legal fees and expenses paid by the Authority in connection with the management, maintenance or operation of the Project and the Authority System, fees paid in connection with obtaining, transferring, maintaining or amending any approvals from any Governmental Authority, costs incurred in connection with the performance of environmental mitigation work to be carried out by the Authority, amounts required for the acquisition of any Qualified Hedge or for deposits into any account maintained in accordance with the General Trust Indenture for such purposes and reasonable general and administrative expenses, but exclusive in all cases of noncash charges, including depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature; (ii) fees and expenses under a Reimbursement Agreement or Credit Facility that are not reimbursements for draws under a Credit Facility and (iii) TIFIA Servicing Fees.

July	
Revenue Control Manager	\$58,750.00
Marketing and PR (Website and Social Media Included)	\$25,000.00
Toll Service Advisor	\$160,000.00
Commonwealth Office of Technology	\$500.00
Legal Expenses	\$1,000.00
Payroll	\$74,410.00
Lincoln Bridge Lighting System	\$350,000.00
Lighting Maintenance	\$80,000.00
KY 841 South Approaching Ramp to I-71 South	\$56,000.00
I-64 West Ramps to I-65 North & South	\$106,250.00
I-64 East Approaching Ramp to Story Avenue	\$15,666.67
I-65 South Ramps to I-64 & I-71	\$62,500.00
I-64 East Approaching Ramps to I-65 North & South	\$30,000.00
I-64 West Approaching Ramp to 3 rd Street	\$15,000.00
I-65 North Approaching I-64/71 Ramps/CD	\$13,333.33

I-64 East Between 2 nd St. & I-71 Ramps	\$13,333.33
I-65 South Jefferson St. Ramp to Hosp Curve	\$15,833.33
I-65 North CD & Ramps to 64/71	\$18,333.33
I-65 North on Lincoln to Exit 0	\$10,000.00
KY 841 Ramp Gores & Signal at US 42	\$23,166.67
I-71 Entrance Ramps at MM 0.0	\$8,333.33
I-64 West Entrance Ramp from Story Ave.	\$5,833.33
East End Tunnel Cleaning	\$18,000.00
East End Tunnel Fire Suppression	\$300.00
East End Tunnel Generator	\$350.00
Waterfront Development	\$4,400.00
East End Corridor Mowing	\$3,500.00
LG&E	\$24,000.00
AT&T	\$375.00
Louisville Water Co.	\$1,200.00
East End Corridor Electric Repair	\$1,500.00
East End Tunnel Septic System Pumping	\$800.00
East End TCB Pest Control	\$25.00
Guardrail Repair	\$3,000.00
Downtown Bridges Corridor Electric Repair	\$500.00
Landscaping	\$4,690.00
Total for July	\$1,205,883.33

August	
Revenue Control Manager	\$58,750.00
Marketing and PR (Website and Social Media Included)	\$25,000.00
Toll Service Advisor	\$160,000.00
Joint Board Counsel	\$16,000.00
Commonwealth Office of Technology	\$500.00
Legal Expenses	\$1,000.00
Payroll	\$62,145.00
Lincoln Bridge Lighting System	\$350,000.00
Lighting Maintenance	\$1,500.00
I-64 West Ramps to I-65 North & South	\$106,250.00
I-64 East Approaching Ramp to Story Avenue	\$15,666.67
I-65 South Ramps to I-64 & I-71	\$62,500.00
I-64 East Approaching Ramps to I-65 North & South	\$30,000.00
I-64 West Approaching Ramp to 3 rd Street	\$15,000.00
I-65 North Approaching I-64/71 Ramps/CD	\$13,333.33
I-64 East Between 2 nd St. & I-71 Ramps	\$13,333.33
I-65 South Jefferson St. Ramp to Hosp Curve	\$15,833.33
I-65 North CD & Ramps to 64/71	\$18,333.33

I-65 North on Lincoln to Exit 0	\$10,000.00
KY 841 Ramp Gores & Signal at US 42	\$23,166.67
I-71 Entrance Ramps at MM 0.0	\$8,333.33
I-64 West Entrance Ramp from Story Ave.	\$5,833.33
JFK Fracture Inspection	\$175,000.00
East End Tunnel Fire Suppression	\$300.00
Waterfront Development	\$4,400.00
East End Corridor Mowing	\$3,500.00
LG&E	\$24,000.00
AT&T	\$375.00
Louisville Water Co.	\$1,200.00
East End Corridor Electric Repair	\$1,500.00
East End Tunnel Septic System Pumping	\$800.00
East End TCB Pest Control	\$25.00
Guardrail Repair	\$3,000.00
Downtown Bridges Corridor Electric Repair	\$500.00
Frakes Engineering	\$1200.00
Landscaping	\$4,690.00
Total for August	\$1,232,968.33

September	
Business Interruption Insurance	\$200,000.00
Revenue Control Manager	\$58,750.00
Marketing and PR (Website and Social Media Included)	\$25,000.00
Toll Service Advisor	\$160,000.00
Joint Board Counsel	\$16,000.00
Commonwealth Office of Technology	\$500.00
Legal Expenses	\$1,000.00
KPTIA Audit	\$22,500.00
KPTIA Financial Services	\$60,000.00
Payroll	\$56,390.00
Lincoln Bridge Lighting System	\$350,000.00
Lighting Maintenance	\$80,000.00
KY 841 South Approaching Ramp to I-71 South	\$56,000.00
I-64 West Ramps to I-65 North & South	\$106,250.00
I-64 East Approaching Ramp to Story Avenue	\$15,666.67
I-65 South Ramps to I-64 & I-71	\$62,500.00
I-64 East Approaching Ramps to I-65 North & South	\$30,000.00
I-64 West Approaching Ramp to 3 rd Street	\$15,000.00
I-65 North Approaching I-64/71 Ramps/CD	\$13,333.33
I-64 East Between 2 nd St. & I-71 Ramps	\$13,333.33
I-65 South Jefferson St. Ramp to Hosp Curve	\$15,833.33

I-65 North CD & Ramps to 64/71	\$18,333.33
I-65 North on Lincoln to Exit 0	\$10,000.00
KY 841 Ramp Gores & Signal at US 42	\$23,166.67
I-71 Entrance Ramps at MM 0.0	\$8,333.33
I-64 West Entrance Ramp from Story Ave.	\$5,833.33
Lincoln Fracture Inspection	\$165,000.00
East End Tunnel Fire Suppression	\$300.00
East End Tunnel Generator	\$350.00
Waterfront Development	\$4,365.00
East End Corridor Mowing	\$7,000.00
SCADA	\$2,500.00
LG&E	\$24,000.00
AT&T	\$375.00
East End Corridor Electric Repair	\$1,500.00
East End Tunnel Septic System Pumping	\$800.00
East End TCB Pest Control	\$25.00
Guardrail Repair	\$3,000.00
Vortex Cleaning	\$7,500.00
Downtown Bridges Corridor Electric Repair	\$500.00
Landscaping	\$40,146.16
Total for September	\$1,440,334.49

October	
Revenue Control Manager	\$35,000.00
Marketing and PR (Website and Social Media Included)	\$25,000.00
Toll Service Advisor	\$160,000.00
Joint Board Counsel	\$16,000.00
Commonwealth Office of Technology	\$500.00
Legal Expenses	\$1,000.00
KPTIA Financial Services	\$20,000.00
Tolling Education	\$8,000.00
Payroll	\$44,565.00
Lincoln Bridge Lighting System	\$350,000.00
Lighting Maintenance	\$1,500.00
East End Tunnel Inspection	\$175,000.00
East End Tunnel Cleaning	\$18,000.00
East End Tunnel Fire Suppression	\$300.00
Waterfront Development	\$5,500.00
East End Corridor Mowing	\$3,500.00
LG&E	\$24,000.00
AT&T	\$375.00
Louisville Water Co.	\$1,200.00
East End Corridor Electric Repair	\$1,500.00

East End Tunnel Septic System Pumping	\$800.00
East End TCB Pest Control	\$25.00
Guardrail Repair	\$3,000.00
Downtown Bridges Corridor Electric Repair	\$500.00
Frakes Engineering	\$2,700.00
Landscaping	\$88,617.00
Total for October	\$986,582.00

November	
Revenue Control Manager	\$35,000.00
Marketing and PR (Website and Social Media Included)	\$25,000.00
Toll Service Advisor	\$160,000.00
Joint Board Counsel	\$8,000.00
Loan Servicing	\$13,500.00
Commonwealth Office of Technology	\$500.00
Legal Expenses	\$1,000.00
KPTIA Financial Services	\$35,000.00
Payroll	\$63,140.00
Lincoln Bridge Lighting System	\$350,000.00
Lighting Maintenance	\$1,500.00
ORB Inspections	\$62,000.00
Downtown Bridges Snow and Ice	\$33,794.32
East End Corridor Snow and Ice	\$16,897.16
SCADA	\$2,500.00
East End Tunnel Generator	\$350.00
East End Tunnel Fire Suppression	\$300.00
Waterfront Development	\$3,200.00
LG&E	\$24,000.00
AT&T	\$375.00
East End Corridor Electric Repair	\$1,500.00
East End Tunnel Septic System Pumping	\$800.00
East End TCB Pest Control	\$25.00
Guardrail Repair	\$3,000.00
Downtown Bridges Corridor Electric Repair	\$500.00
Landscaping	\$41,700.00
Total for November	\$883,581.48

December	
Revenue Control Manager	\$35,000.00
Marketing and PR (Website and Social Media Included)	\$30,000.00
Toll Service Advisor	\$160,000.00
Joint Board Counsel	\$8,000.00

Commonwealth Office of Technology	\$500.00
Legal Expenses	\$1,000.00
KPTIA Audit	\$22,500.00
KPTIA Financial Services	\$30,000.00
Payroll	\$65,690.00
Lincoln Bridge Lighting System	\$350,000.00
Lighting Maintenance	\$1,500.00
Downtown Bridges Snow and Ice	\$33,794.32
East End Corridor Snow and Ice	\$16,897.16
SCADA	\$147,300.00
East End Tunnel Generator	\$5,950.00
East End Tunnel Fire Suppression	\$300.00
Waterfront Development	\$2,000.00
LG&E	\$24,000.00
AT&T	\$375.00
Louisville Water Co.	\$1,200.00
East End Corridor Electric Repair	\$1,500.00
East End Tunnel Septic System Pumping	\$800.00
East End TCB Pest Control	\$25.00
Guardrail Repair	\$3,000.00
Downtown Bridges Corridor Electric Repair	\$500.00
Frakes Engineering	\$27,100.00
Total for December	\$968,931.48

January	
Revenue Control Manager	\$35,000.00
Trustee Fees	\$300.00
Marketing and PR (Website and Social Media Included)	\$40,000.00
Toll Service Advisor	\$175,000.00
Joint Board Counsel	\$8,000.00
Commonwealth Office of Technology	\$1,000.00
Legal Expenses	\$1,000.00
IBTTA Dues	\$40,000.00
KPTIA Financial Services	\$30,000.00
Tolling Education	\$8,000.00
Payroll	\$40,185.00
Lighting Maintenance	\$1,500.00
East End Tunnel Cleaning	\$18,000.00
Downtown Bridges Snow and Ice	\$33,794.32
East End Corridor Snow and Ice	\$16,897.16
SCADA	\$102,500.00
East End Tunnel Generator	\$350.00
East End Tunnel Fire Suppression	\$300.00

Waterfront Development	\$1,500.00
LG&E	\$24,000.00
AT&T	\$375.00
East End Corridor Electric Repair	\$1,500.00
East End Tunnel Septic System Pumping	\$800.00
Guardrail Repair	\$3,000.00
Downtown Bridges Corridor Electric Repair	\$500.00
Total for January	\$583,501.48

February	
US Bank	\$26,000.00
E-ZPass Dues	\$25,000.00
Rating Surveillance	\$40,000.00
Revenue Control Manager	\$35,000.00
Marketing and PR (Website and Social Media Included)	\$50,000.00
Toll Service Advisor	\$175,000.00
Joint Board Counsel	\$8,000.00
Commonwealth Office of Technology	\$1,000.00
Legal Expenses	\$1,000.00
KPTIA Financial Services	\$30,000.00
Payroll	\$28,000.00
Lighting Maintenance	\$1,500.00
Downtown Bridges Snow and Ice	\$33,794.32
East End Corridor Snow and Ice	\$16,897.16
SCADA	\$100,000.00
East End Tunnel Fire Suppression	\$300.00
Waterfront Development	\$2,000.00
LG&E	\$24,000.00
AT&T	\$375.00
Louisville Water Co.	\$1,200.00
East End Corridor Electric Repair	\$1,500.00
East End Tunnel Septic System Pumping	\$800.00
East End TCB Pest Control	\$25.00
Guardrail Repair	\$3,000.00
Downtown Bridges Corridor Electric Repair	\$500.00
Frakes Engineering	\$2,500.00
Landscaping	\$18,000.00
Total for February	\$625,391.48

March	
Revenue Control Manager	\$35,000.00

Marketing and PR (Website and Social Media Included)	\$50,000.00
Toll Service Advisor	\$175,000.00
Joint Board Counsel	\$8,000.00
Commonwealth Office of Technology	\$1,000.00
Legal Expenses	\$1,000.00
KPTIA Financial Services	\$45,000.00
Payroll	\$15,490.00
Lighting Maintenance	\$1,500.00
ORB Inspections	\$62,000.00
Downtown Bridges Snow and Ice	\$33,794.32
East End Corridor Snow and Ice	\$16,897.16
SCADA	\$2,500.00
East End Tunnel Generator	\$350.00
East End Tunnel Fire Suppression	\$23,000.00
Waterfront Development	\$2,000.00
LG&E	\$24,000.00
AT&T	\$375.00
East End Corridor Electric Repair	\$18,500.00
East End Tunnel Septic System Pumping	\$800.00
East End TCB Pest Control	\$25.00
Guardrail Repair	\$3,000.00
Vortec Cleaning	\$7,500.00
Downtown Bridges Corridor Electric Repair	\$500.00
Landscaping	\$18,000.00
Total for March	\$545,231.48

April	
Revenue Control Manager	\$35,000.00
Marketing and PR (Website and Social Media Included)	\$50,000.00
Toll Service Advisor	\$175,000.00
Joint Board Counsel	\$8,000.00
Commonwealth Office of Technology	\$1,000.00
Legal Expenses	\$1,000.00
KPTIA Financial Services	\$30,000.00
Tolling Education	\$8,000.00
Payroll	\$21,700.00
Lighting Maintenance	\$1,500.00
East End Tunnel Cleaning	\$18,000.00
Downtown Bridges Snow and Ice	\$33,794.32
East End Corridor Snow and Ice	\$16,897.16
Mowing East End Corridor	\$3,500.00
East End Tunnel Generator	\$1,585.12

Louisville Water Co.	\$1,200.00
East End Tunnel Fire Suppression	\$2,800.00
Waterfront Development	\$8,000.00
LG&E	\$24,000.00
AT&T	\$375.00
East End Corridor Electric Repair	\$1,500.00
East End Tunnel Septic System Pumping	\$800.00
East End TCB Pest Control	\$25.00
Guardrail Repair	\$3,000.00
Downtown Bridges Corridor Electric Repair	\$500.00
Total for April	\$447,176.60

May	
Revenue Control Manager	\$35,000.00
Marketing and PR (Website and Social Media Included)	\$50,000.00
Toll Service Advisor	\$175,000.00
Joint Board Counsel	\$8,000.00
Commonwealth Office of Technology	\$1,000.00
Legal Expenses	\$1,000.00
KPTIA Financial Services	\$30,000.00
Payroll	\$37,770.00
Lighting Maintenance	\$1,500.00
Downtown Bridges Snow and Ice	\$16,514.32
East End Corridor Snow and Ice	\$8,257.16
East End Corridor Mowing	\$3,500.00
SCADA	\$2,500.00
East End Tunnel Generator	\$350.00
East End Tunnel Fire Suppression	\$300.00
Waterfront Development	\$4,400.00
LG&E	\$24,000.00
AT&T	\$375.00
East End Corridor Electric Repair	\$1,500.00
East End Tunnel Septic System Pumping	\$800.00
East End TCB Pest Control	\$25.00
Guardrail Repair	\$3,000.00
Downtown Bridges Corridor Electric Repair	\$500.00
Landscaping	\$6,550.00
Total for May	\$411,841.48

June	
Business Interruption Insurance	\$420,000.00
Revenue Control Manager	\$35,000.00

Marketing and PR (Website and Social Media Included)	\$50,000.00
Toll Service Advisor	\$175,000.00
Joint Board Counsel	\$8,000.00
Commonwealth Office of Technology	\$1,000.00
Legal Expenses	\$1,000.00
KPTIA Financial Services	\$30,000.00
Payroll	\$60,000.00
Lighting Maintenance	\$1,500.00
East End Corridor Mowing	\$7,000.00
East End Tunnel Fire Suppression	\$300.00
Waterfront Development	\$4,400.00
LG&E	\$24,000.00
AT&T	\$375.00
Louisville Water Co.	\$1,200.00
East End Corridor Electric Repair	\$1,500.00
East End Tunnel Septic System Pumping	\$800.00
East End TCB Pest Control	\$25.00
Guardrail Repair	\$3,000.00
Downtown Bridges Corridor Electric Repair	\$500.00
Landscaping	\$6,550.00
Total for June	\$831,150.00

APPENDIX B
EXCERPTS FROM
LSIORB FINANCIAL PLAN – 2017 ANNUAL UPDATE



U.S. Department
of Transportation
**Federal Highway
Administration**

Indiana Division 575 N. Pennsylvania Street, Room 254
Indianapolis, IN 46204
317-226-7475
317-226-7341

Kentucky Division 330 W. Broadway, Suite 264
Frankfort, KY 40601
502-223-6720

502-223-6735

December 13, 2017

Mr. Joe McGuinness
Commissioner
Indiana Dept. of Transportation
100 North Senate Avenue
IGCN Room N755
Indianapolis, Indiana 46204

Mr. Greg Thomas
Secretary
Kentucky Transportation Cabinet
100 Mero Street, Room 613
Frankfort, Kentucky 40622

Dear Commissioner McGuinness and Secretary Thomas:

The Federal Highway Administration (FHWA), Indiana and Kentucky Divisions, in conjunction with the FHWA Major Projects Team, have reviewed the September 2017 updated financial plan for the Ohio River Bridges Project. Based upon our review, the updated financial plan adequately meets the anticipated project costs. Therefore, the updated 2017 finance plan is approved. This is the final financial plan annual update that is required for the Ohio River Bridges Project. Congratulations on the completion of this highly successful project.

Should you have any questions or need additional information, please contact Mr. Jeff Schmidt at (601) 572-1098 or via email at jeffrey.schmidt@dot.gov.

Sincerely,

Mayela Sosa
Indiana Division Administrator

Thomas L. Nelson, Jr.
Kentucky Division Administrator

cc:

Andy Barber, KYTC
Ronald Heustis, INDOT
Jermaine Hannon, FHWA-IN
Mohammed Hajeer, FHWA-IN

Steve Mills, FHWA-KY
Jeffrey Schmidt, FHWA-KY
Michael Loyselle, FHWA-KY



**Kentucky Transportation Cabinet
Indiana Department of Transportation**

**Louisville - Southern Indiana Ohio River Bridges Project
2017 Financial Plan Annual Update
Letter of Certification**

The Kentucky Transportation Cabinet (KYTC) and the Indiana Department of Transportation (INDOT) present this final Financial Plan Annual Update for the Louisville-Southern Indiana Ohio River Bridges Project (the Project) in accordance with the requirements of Section 106(h) of Title 23, as amended by Section 1904(a)(2) of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) and further amended by Section 1503(a)(4) of Moving Ahead for Progress in the 21st Century (MAP-21). This Annual Update conforms to the requirements set out in Federal Highway Administration (FHWA) December 2014 *Major Project Financial Plan Guidance*.

This 2017 Financial Plan Annual Update provides the final schedule for delivering the Project, plus final cost estimates and expenditure data through State Fiscal Year (SFY) 2017 (June 30, 2017) and limited projected costs through SFY 2019. The cost data in this Financial Plan Annual Update provides an accurate accounting of costs incurred through the reporting period and includes an estimate of limited future trailing costs. The estimates of financial resources to fund the Project also represent an accurate accounting of funds expended through the reporting period and reliable estimates for limited future resources.

To the best of our knowledge and belief, the Financial Plan Annual Update, as submitted herewith, is based on sound underlying assumptions that fairly and accurately present the financial position of the Project, cash flows, and expected conditions for the Project's life cycle as of this reporting period. We have made available all significant information that is relevant to the Financial Plan for the Project and, to the best of our knowledge and belief, the inputs and assumptions derived from these documents and records are appropriate.

As stated in the Initial Financial Plan and the 2013, 2014, 2015, and 2016 Financial Plan Annual Updates, the states have remained committed to fully fund the Ohio River Bridges Project through completion, with substantial completion achieved in SFY 2017.

Respectfully Submitted:

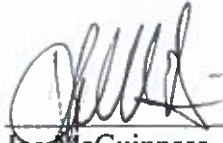


Greg Thomas
Secretary

Kentucky Transportation Cabinet

12/6/17

Date



Joe McGuinness
Commissioner

Indiana Department of Transportation

11-17-17

Date



LOUISVILLE - SOUTHERN INDIANA OHIO RIVER
BRIDGES PROJECT

Financial Plan –
2017 Annual Update

September 2017

Submitted to:
Federal Highway Administration



Submitted by:
**Kentucky Transportation Cabinet
Indiana Department of Transportation**



In conjunction with:
**Indiana Finance Authority
Kentucky Public Transportation Infrastructure
Authority**

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OPERATIONS AND MAINTENANCE COSTS

The Project Sponsors understand that the financial plan must account for reasonably anticipated operations and maintenance costs. These costs include routine operations and maintenance expenditures, major maintenance requirements (“lifecycle costs”), and toll operations costs. Representative annual operations and maintenance cost estimates are highlighted in Table 5.5, below, as supplied by WVB and Indiana DOT for the East End Crossing and KYTC for the Downtown Crossing. Table 5.5 includes updates from the 2013 Financial Plan Update to reflect adjusted estimates based on updated information regarding the Project’s operations phase. These estimates will continue to be refined as the project proceeds toward Operations.

Table 5-5. Projected Operations and Maintenance Costs (\$, in millions)

Year	Downtown Crossing		East-End Crossing	
	O&M Costs	Lifecycle Costs	O&M Costs	Lifecycle Costs
2017	1,915,587	455,480	1,214,863	-
2018	4,334,702	964,604	2,161,496	-
2019	4,975,351	832,405	1,839,543	86,718
2020	5,161,831	982,971	2,003,254	681,359
2021	5,293,995	1,277,430	2,496,236	371,973
2022	5,428,726	1,848,490	2,521,422	116,733
2023	5,564,827	1,849,964	2,606,183	47,860
2024	5,703,556	2,293,291	2,488,972	1,155,202
2025	5,846,546	4,138,999	2,268,983	748,478
2026	5,992,298	3,726,066	3,123,370	308,722
2027	6,305,943	7,028,918	3,023,578	144,920
2028	6,459,074	6,723,746	3,366,427	959,863
2029	6,453,493	3,111,458	3,070,951	513,826
2030	6,614,376	41,147,601	2,998,527	102,354
2031	6,780,201	43,416,001	3,175,733	1,719,621
2032	6,949,229	8,310,982	3,019,596	3,624,446
2033	7,123,449	3,967,892	3,286,679	6,202,499
2034	7,301,033	8,040,867	4,307,684	2,680,650
2035	7,484,073	14,468,479	3,691,054	2,106,252
2036	7,670,648	14,314,068	4,570,326	2,292,234
2037	8,072,141	24,380,413	3,360,228	823,118
2038	8,268,161	27,777,439	3,548,113	124,008
2039	8,261,016	10,018,975	3,931,883	56,060
2040	8,466,960	9,433,012	4,815,766	1,962,152
2041	8,679,230	7,185,185	4,889,554	1,739,552
2042	8,895,600	9,255,892	4,301,965	421,426
2043	9,118,616	8,637,321	4,035,064	305,868
2044	9,345,940	6,554,805	4,338,931	1,421,674

Year	Downtown Crossing		East-End Crossing	
	O&M Costs	Lifecycle Costs	O&M Costs	Lifecycle Costs
2045	9,580,246	9,886,258	4,707,924	1,277,540
2046	9,819,078	11,404,284	6,921,166	7,861,223
2047	10,333,022	16,066,382	5,928,210	5,479,792
2048	10,583,945	10,814,751	5,242,859	7,228,581
2049	10,574,799	7,016,951	4,849,602	5,834,502
2050	10,838,425	10,475,513	6,808,890	9,926,803
2051	11,110,149	13,282,810	7,191,241	5,670,512
2052	11,387,120	15,904,127	2,855,082	642,596
2053	11,672,600	10,059,074	-	-
2054	11,963,593	57,100,056	-	-
2055	12,263,525	108,408,619	-	-
2056	12,569,250	114,999,142	-	-
2057	13,227,142	131,496,444	-	-
2058	13,548,345	134,605,268	-	-
2059	13,536,637	66,332,285	-	-
2060	13,997,771	22,468,491	-	-
2061	14,472,362	2,320,755	-	-
2062	14,833,170	4,222,611	-	-
2063	15,205,025	4,258,573	-	-
2064	15,954,108	8,898,974	-	-
2065	16,724,048	16,214,695	-	-
2066	17,145,837	15,888,584	-	-
2067	18,022,661	52,303,219	-	-
2068	18,464,569	52,720,943	-	-
Total	506,294,035	1,169,291,563	134,961,355	74,639,117

APPENDIX C

KPTIA 2020 AND 2021 O&M EXPENSES



Louisville – Southern Indiana Ohio River Bridges Project



Kentucky Public Transportation Infrastructure Authority (KPTIA) Final Engineering Report

October 31, 2013

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SECTION 8

OPERATIONS, MAINTENANCE, RENEWAL AND REPLACEMENT

8.A System Toll Collection Operations

8.A.1 Operations Plan

Toll collection operations consist of the collection of the correct toll amounts from patrons in accordance with the established toll rate schedule, accounting of the toll revenue, transfer of the funds into banks, and documentation of the toll collection activities. The LSIORBP will be exclusively operated as a cashless system, utilizing an all-electronic toll (AET) system. Toll collection methods will include payment via toll transponder or video toll. Video tolling options will include either prepaid registration of license plate information or post payment of tolls by those utilizing the facility with unregistered vehicles.

Video capture equipment will be installed in all lanes and those customers who do not choose to pay via a transponder or as part of the registered vehicle video toll process will be pursued for payment in accordance with policies and administrative rules and regulations that are currently being developed in Kentucky and Indiana. Video capture equipment will be installed in all lanes. All customers that fail to pay the toll either through a transponder, as a pre-paid registered video customer, or when billed as a pay- by-plate customer will be diligently pursued for payment. Both Kentucky and Indiana have similar statutes that make failure to pay a toll a violation. Customers that violate these statutes will have a hold placed on their vehicle registration, preventing them from renewing their registration until the toll and related fees are paid in full. The specific process relating to toll collection and enforcement will be created through the states' broad rule making authority and through business rules to be adopted by the Tolling Body.

The Downtown Crossing of the LSIORB Project shall include tolling of all cross-river I-65 traffic. The Second Street Bridge (KY 31E), which is adjacent to the Kennedy Bridge to the west, shall remain a toll-free facility. Tolling shall also be a part of the East End Crossing. Tolling shall occur in accordance with determinations established in the BI-State Development Agreement. Tolling is planned to continue as long as there are outstanding financial obligations. The DBT shall coordinate with a Tolling Systems Integrator (TSI), whose procurement shall occur at a later date, to provide the fully functioning toll system. The toll system must accommodate the tolling of all river crossing traffic through all stages of traffic control and travel lane configurations. The DBT shall provide the tolling gantries, the site work and the utility systems for any toll facility site. The DBT shall be responsible for integrating the temporary and/or permanent tolling gantry sites into their construction phasing and traffic management plans.

The TSI shall design, develop, integrate, deliver, install, and test the entire tolling and violation enforcement system, which would include all equipment installed at the roadside, software, the toll data center (TDC) servers, and the entire back office, which would consist of the electronic toll collection (ETC) system account management, customer service center functions, and the violation processing system. The DBT shall install conduits and fiber optic cables for the ITS facilities. The TSI may utilize these fiber optic cables or install additional cables in the conduits provided and installed by the DBT through the ITS specification requirements. The DBT shall install specific conduits as necessary for the tolling system as identified by the TSI.

8.A.2 Toll System Provider (TSP) and Electronic Toll Collection (ETC)

The Joint Board plans to contract for the design, integration, implementation, operation and maintenance of the tolling system through two separate component procurements, which are summarized as:

Tolling Component One – Tolling System Provider (TSP)

Tolling Component Two – Electronic Toll Collection

The TSP contractor will be responsible for the installation and construction of any necessary tolling equipment, including detection devices and toll zone structures to house toll collection equipment and for providing emergency generator power. The TSP will be required to coordinate with the DBT and Developer on the construction of any gantries, tolling signage, building pads, access, conduit runs and other infrastructure items as required necessary for the toll collection system.

The ETC contractor will be responsible for the provision of all equipment and transponders necessary to integrate into the roadside tolling system and will be responsible for all back office toll operations, including office space, facility management, maintenance and operations of customer service center(s) and potential storefronts. The ETC contractor will collect all tolls for the Project, as authorized by the Joint Board, for the benefit of the STA's and may authorize the collection of tolls and other user fees by a third party, such as a Joint Board approved collection agency. The Joint Board desires the system to be interoperable with other systems in the United States, such as E-Z Pass, Sunpass, or other similar systems. The ETC contractor will be required to work in a cooperative manner with the TSP contractor.

The IFA will procure the TSP on behalf of the Joint Board. INDOT is procuring the ETC on behalf of the Joint Board. Indiana and Kentucky staff will oversee the contract and provide audit and accounting for these operations.

The basic components for any AET toll collection program are the roadside toll collection system (RTCS) and back office systems (BOS), the Operations Center (customer service center/video processing center), and overall operations and maintenance.

The RTCS and BOS includes all toll-related hardware and software located on the roadway and offsite at the operations center, such as ETC readers and antennas, optical character recognition and automated license plate recognition and processing software, the main toll collection system computer server and database, and the hardware and software necessary to support the customer service center and interoperability with out-of-state toll agencies.

The function of the RTCS is to detect vehicles at the toll zones, build the proper transaction, and transmit that transaction and supporting data to the toll facility host located in the tolling Operations Center.

The RTCS will be a state-of-the-art fully automated toll zone, toll facility host and database. It includes ETC and video systems, through the capture of transponders using ETC readers and antennas or license plate images utilizing front and rear cameras and multiple levels of optical character recognition/automated license plate recognition software. Upon detection of a vehicle, the RTCS begins to build a transaction by detecting and classifying the vehicle; reading an ETC transponder if present; and capturing the front and rear images of the vehicle to begin the image process.

If an ETC transponder is detected, the transaction information is sent to the BOS for validation of account status and debiting of the account for the correct toll amount. The video collection system will capture an image of the license plate of every vehicle. In the event that a vehicle does not have a transponder, the images will be handled post-transaction via the video processing center (VPC). License plate numbers not associated with any prepaid accounts will be sent to the appropriate state DMV to obtain their demographic information through the BOS. All transactions for a given billing period will be billed to the registered owner of the vehicle through an invoicing process. Additionally, each toll zone will be equipped with CCTV cameras for roadway overview, traffic and system audit, and site security.

The BOS is made up of the system host, databases, customer service center (CSC) module, and video processing center module which includes the necessary interfaces to payment systems and commercial establishments. The BOS developed for the LSIORBP will be a state-of-the-art toll system management and toll account management system based on ETC and video for identification of vehicles that has been configured and sized to support the LSIORBP. The BOS will be located within KYTC's toll operation center. The system's overriding functions include acceptance of transactions and roadway data, managing prepaid toll accounts, collecting revenue through these accounts, processing video transactions, reporting revenue collection activities, and interfacing with external contacts (retail, interoperable agencies, financial institutions, and DMVs).

8.A.3 Customer Service and Violation Processing Center

The Customer Service Center (CSC) and the Violation Processing Center (VPC) are expected to be co-located in a facility offsite.

The states will set tolls based in part on the rate structure requirements for ETC and video (registered and unregistered) tolls to cover the costs of toll collection administration as well as costs for administering the Violation Enforcement System. Toll collection enforcement services will be performed by the VPC as part of the contracted services. The level of effort necessary for enforcement is expected to be reduced with continued operation. Actual violation rates experienced during operations will dictate level of effort necessary for enforcement.

8.A.4 Toll Collection System Operations and Maintenance

Toll collection will be accomplished through a competitively selected procurement process, which will provide for the toll collection system operations and maintenance for both the Downtown and East End Crossing, with Indiana and Kentucky staff providing oversight of the contract and audit and accounting for traffic and revenue. The operations and maintenance of the system includes all preventive, predictive and corrective maintenance and will ensure the highest level of accuracy and availability as required through established performance measures.

In addition to normal maintenance, the requirements also include 24-hour, seven days a week on-call maintenance services. Minimum response times, depending on time of day and on priority of the malfunction, will be specified. The toll collection system will be required to generate its own system malfunction and maintenance messages, which will be used in conjunction with toll collection staff reports, to alert maintenance staff of problems.

The mandate of this program is to maintain the capability of the system to collect tolls 24 hours per day, 365 days per year. Minimum response times, depending on time of day and on priority of the malfunction, will be specified.

The TSI also will be required to utilize a Maintenance On-Line Management System (MOMS) to ensure that toll collection equipment is reliably maintained. The purpose of the MOMS subsystem is to manage and report all maintenance and maintenance support activities within the toll collection system. All toll collection equipment will be monitored for failure and all alarms reported via the MOMS. Predictive and preventive maintenance activities will be scheduled via the MOMS and these activities must be performed on a timely basis.

8.A.5 Toll Collection System Operations and Maintenance Costs

A memorandum, attached as Appendix F to this report, provides information regarding the estimated capital costs for the development, installation, and maintenance for the LSIORBP Project Toll collection system. This memorandum also provides an estimate of operations and maintenance costs for the toll collection system once toll collection operations commence. An

additional feature of the memorandum is an analysis of the impact on revenue (revenue leakage) resulting from the inability to collect tolls due to technical anomalies or failure to collect on toll invoices and violation notices issued to the public.

Toll collection will be accomplished through a competitively selected toll operations services contractor operating under the management and oversight of the Indiana and Kentucky staff. Tolls will only be collected using electronic toll collection via radio frequency transponders or through video toll collection using license plate information. Motorists equipped with transponders will pay a discounted toll compared to video toll customers because of the difference in transaction process cost differentials. An RFP to deploy All Electronic Tolling (AET), no cash involved, will be issued requesting technical and price proposals from proposers interested in providing design, integration, implementation, operation, and maintenance.

The toll collections project descriptions and anticipated operational levels and maintenance requirements for the roadside toll collection system and back office operations used for the toll collection system capital costs (CAPEX) and the operations and maintenance costs (OPEX) are based upon a set of calculations that are the best available information at this time. Some of the assumptions are based upon toll industry norms that have been applied where there was not a set policy or standard to use due to no final set of LSIORBP rules and regulations regarding violation enforcement, or general operating policies or business rules.

The OPEX is based upon the expected levels of traffic as stated in the LSIORBP Traffic & Revenue Study, dated March 2013 (Draft). The key to developing an OPEX estimate is the processing and managing requirements for various toll customer accounts. The LSIORBP will have three account types: 1) transponder based; 2) registered video (vehicle registered license plate with a pre-paid account); and 3) unregistered video (requiring a DMV lookup for the vehicle owner and subsequent invoicing for the toll).

Each type of account has a different cost associated in correlation to the effort required to process toll collection.

Key variable factors that will affect the OPEX are the assumptions made regarding transponder penetration rates. The Traffic and Revenue Study establishes an anticipated transponder penetration rate of 70% in the initial year then increasing to 79% in 2027. The following table represents the estimated OPEX for the first half fiscal year and forty (40) full fiscal years of toll operations and maintenance for the East End Bridge and the Downtown Bridges combined. Each crossing is assumed to be half of the operational cost.

Fiscal Year	Estimated OPEX	Fiscal Year	Estimated OPEX	Fiscal Year	Estimated OPEX
2017	\$4,393,000	2031	\$15,663,000	2045	\$25,484,000
2018	\$8,832,000	2032	\$16,226,500	2046	\$26,312,000
2019	\$11,247,000	2033	\$16,859,000	2047	\$27,197,500
2020	\$11,937,000	2034	\$17,480,000	2048	\$28,014,000
2021	\$12,224,500	2035	\$18,112,500	2049	\$28,888,000
2022	\$12,374,000	2036	\$18,779,500	2050	\$29,819,500
2023	\$12,592,500	2037	\$19,435,000	2051	\$30,728,000
2024	\$12,857,000	2038	\$20,125,000	2052	\$31,671,000
2025	\$13,144,500	2039	\$20,849,500	2053	\$32,694,500
2026	\$13,443,500	2040	\$21,608,500	2054	\$33,706,500
2027	\$13,800,000	2041	\$22,344,500	2055	\$34,753,000
2028	\$14,248,500	2042	\$23,092,000	2056	\$35,857,000
2029	\$14,697,000	2043	\$23,851,000	2057	\$36,984,000
2030	\$15,191,500	2044	\$24,656,000	2058	\$38,134,000
				Total	\$890,307,000

8.B KYTC Routine Roadway Operations and Maintenance

8.B.1 Roadway Operations & Maintenance Plan

During construction activities the DBT will be responsible for all infrastructure maintenance within the LSIORB project limits, with the exception of the tolling facilities which will be contracted to others.

When all construction activities have been completed and the DBT released from the project, Indiana and Kentucky staff or its representatives will be responsible for all routine maintenance, including the tolling facilities for the Downtown Crossing. KYTC will be responsible for that work in Sections 1 and 2 of the Downtown, while INDOT will be responsible in Section 3.

KYTC will also assume responsibility for the operations and maintenance for Section 4A, which is between I-71 and the northern abutments of the Harrods Creek Bridge in Kentucky. INDOT and IFA working in conjunction with WVB will have the responsibility for operations and maintenance for Sections 4B, 5 and 6, which encompasses the North end of the Harrods Creek Bridge in Kentucky extending to the connection at IN 265 north of the interchange at US 62.

Routine maintenance for the new facilities is anticipated to include, but not be limited to, maintenance of the following items:

- Concrete and asphalt pavement surfaces
- Bridge deck, superstructure, substructure
- Pavement markings and signage
- Mowing and landscaping
- Snow and ice removal
- Drainage, stormwater systems and slopes
- Roadside protection (guardrail, barrier, attenuation)
- Lighting appurtenances
- Tolling and ITS equipment
- Litter and obstruction removal
- Building infrastructure
- Traffic control
- Emergency maintenance services
- Tunnel (East End only)

WVB will be responsible for preparing an annual Operations and Maintenance plan and budget for the East End Crossing. The contractor will be required to perform maintenance activities in a safe and efficient manner with a minimum effect on traffic operations. An Operations and Maintenance Plan will be developed for the operation of the ITS operations and equipment for both crossings. An Operations and Maintenance Manual is also to be developed for the East End Tunnel.

During the initial years of operation, the new facility should require relatively minor upkeep. However, as the many elements of the facility are subjected to aging and wear increasing amounts of maintenance and rehabilitation will be required.

8.B.2 Routine Roadway Operations & Maintenance Costs

Calculations for the “2013 Operations and Maintenance Cost Analysis for The Louisville – Southern Indiana Bridges Project” is provided in Appendix E of this document.. The Operations and Maintenance Cost Analysis divides long-term expenses into three broad categories, operations and maintenance (O&M), life cycle costs, and capital costs. Life cycle costs also include long term capital costs, but are discussed separately. Initial capital costs are not included in this analysis. Capital Costs are discussed in Section 8.C.2.

8.B.2.1 Operations and Maintenance

Both fixed and variable operations and maintenance (O&M) costs include salaries and fringe benefit burden, divided into administration, facility maintenance, traffic operations, and tolling.

Maintenance activities do not prolong the useful life of a facility or increase the facility's value, but are meant to preserve a facility over time as intended during its initial design. Maintenance of a facility is typically based upon the characteristics of service such as hours of use, square feet of space, and miles driven. Provided that the facility is utilized in the manner for which it was originally designed, maintenance is typically intermittent over the design life.

8.B.2.2 Life Cycle Costs

Maintenance and repair (M&R) activities are often referred to as lifecycle costs. These activities are considered necessary to ensure the useful life of a facility over time and are required to provide continuous uninterrupted service attributed to failure. Repairs are continuous over the life cycle of the facility due to poor craftsmanship, misuse, age and normal wear. Regardless of the reason, the need for repair is expected and therefore included in the budget.

8.C KYTC Capital Maintenance and Replacement

8.C.1 Capital Maintenance and Replacement Plan

When all construction activities have been completed and the DBT released from the project, Indiana and Kentucky staff or its representatives will be responsible for all routine maintenance, including the tolling facilities for the Downtown Crossing. KYTC will be responsible for that work in Sections 1 and 2 of the Downtown, while INDOT will be responsible in Section 3.

KYTC will also assume responsibility for the operations and maintenance for Section 4A, which is between I-71 and the northern abutments of the Harrods Creek Bridge in Kentucky. INDOT and IFA working in conjunction with their selected financial provider will have the responsibility for operations and maintenance for Sections 4B, 5 and 6, which encompasses from the North end of the Harrods Creek Bridge in Kentucky and extends to the connection at IN 265 north of the interchange at US 62.

The up-front and ongoing costs for the marketing and sales of transponders will be included in the bid required from the tolling integrator, when that Notice for Proposal is issued. That proposal will also include systems to identify malfunction and maintenance messages, to alert maintenance staff of problems. The mandate of the system will be to collect tolls 24 hours per day, every day.

TRIMARC will monitor the video and data feeds for traffic management, maintenance and security concerns. The selected tolling integrator will be responsible for the oversight of the operation of the MOMS. Feeds will be provided to the KYTC and INDOT Operations Centers to back-up the monitoring by TRIMARC. Staff from INDOT and KYTC will work closely with TRIMARC staff and the tolling integrator to address any identified needs.

Routine maintenance costs include recurring normal maintenance activities associated with the highway, such as annual bridge inspections, snow and litter removal, and regular repairs to the pavements and structures. INDOT and KYTC are mandated to maintain a safe highway for system users, as well as preserving the project investment. All maintenance will be performed in a safe and efficient manner with a minimum effect on traffic operations. The plan of finance assumes that operations and maintenance costs will be funded by toll revenues. Routine maintenance for the new facilities is anticipated to include, but not be limited to, maintenance of the following items:

- Concrete and asphalt pavement surfaces
- Bridge deck, superstructure and substructure
- Pavement markings and signage
- Mowing and landscaping
- Snow and ice removal
- Drainage, storm water systems and slopes
- Roadside protection (guardrail, barriers and attenuation devices)
- Lighting appurtenances
- Tolling and ITS equipment
- Litter and obstruction removal
- Traffic control

During the initial years of operation, the new facility should require relatively minor upkeep. However, as the many elements of the facility are subjected to aging and wear, increasing amounts of maintenance and rehabilitation will be required. In addition to being responsible for constructing, operating and maintaining the LSIORBP Downtown Crossing, paying off its bond indebtedness, and operating with a positive cash flow, KYTC and INDOT will also be responsible to protect, preserve and maintain the facilities. Funding to protect the investment will be established for unusual or extraordinary maintenance or repairs, maintenance or repairs that are not recurring annually, and renewals and replacements, as well as for repairs or replacements resulting from an emergency caused by some extraordinary occurrence.

8.C.2 Capital Maintenance and Replacement Costs

As noted in 8.B.2, the operations and maintenance costs is provided in Appendix E of this document. Capital improvements of public infrastructure such as a bridge are typically categorized into expansion or replacement as a result of becoming structurally deficient or functionally obsolete. This does not include the rehabilitation or renovation of a facility even if the activities are required to upgrade or achieve applicable regulatory standards. Capital improvements include:

- The replacement or rehabilitation of a facility that no longer has the ability to perform the functions for which it was originally designed

- The redesign or expansion of an existing facility to accommodate changes in functionality or demand use

Given that the design life of most of the facilities exceed the 60 year analysis period and that traffic growth will not require expansion during this period generally no capital costs will be incurred.

Vehicle (initial fleet) and related maintenance are also included as a capital cost. However, any depreciation and or salvage are accounted for separately.

APPENDIX D

2020 O&M COST STUDY O&M

and

M&R COST SUMMARY TABLES

LOUISVILLE – SOUTHERN INDIANA OHIO RIVER BRIDGES PROJECT



Year	O&M Costs	M&R Costs*
2020	\$ 7,090,000	\$ 80,000
2021	\$ 7,513,000	\$ 579,000
2022	\$ 7,449,000	\$ 84,000
2023	\$ 7,894,000	\$ 608,000
2024	\$ 7,826,000	\$ 5,605,000
2025	\$ 8,293,000	\$ 639,000
2026	\$ 8,222,000	\$ 93,000
2027	\$ 8,713,000	\$ 672,000
2028	\$ 8,638,000	\$ 97,000
2029	\$ 9,154,000	\$ 5,660,000
2030	\$ 9,076,000	\$ 19,000
2031	\$ 9,618,000	\$ 551,000
2032	\$ 9,535,000	\$ 20,000
2033	\$ 10,104,000	\$ 669,000
2034	\$ 10,018,000	\$ 36,577,000
2035	\$ 10,616,000	\$ 702,000
2036	\$ 10,525,000	\$ 238,000
2037	\$ 11,153,000	\$ 5,972,000
2038	\$ 11,058,000	\$ 250,000
2039	\$ 11,718,000	\$ 69,272,000
2040	\$ 11,618,000	\$ 262,000
2041	\$ 12,311,000	\$ 815,000
2042	\$ 12,206,000	\$ 6,754,000
2043	\$ 12,935,000	\$ 856,000
2044	\$ 12,824,000	\$ 79,819,000
2045	\$ 13,589,000	\$ 899,000
2046	\$ 13,473,000	\$ 304,000
2047	\$ 14,277,000	\$ 1,237,000
2048	\$ 14,155,000	\$ 319,000
2049	\$ 15,000,000	\$ 99,253,000
2050	\$ 14,872,000	\$ 336,000
2051	\$ 15,760,000	\$ 1,043,000
2052	\$ 15,625,000	\$ 31,951,000
2053	\$ 16,557,000	\$ 1,096,000
Totals	\$ 379,415,000	\$ 353,331,000

2020 O&M and M&R
Annual Total Costs

* M&R Costs do not include Kennedy Bridge replacement cost

LOUISVILLE – SOUTHERN INDIANA OHIO RIVER BRIDGES PROJECT

FISCAL YEAR 2020 GENERAL O&M EXPENSES																	
		July	August	Sept	October	Nov.	Dec.	January	February	March	April	May	June	TOTAL	Annual O&M	Bi-Annual O&M	
Staffing /Outside Resource Expense	Revenue Control Manager	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500	\$510,000	\$510,000	\$510,000	
	Toll Service Advisor	\$236,000	\$236,000	\$236,000	\$236,000	\$236,000	\$236,000	\$236,000	\$236,000	\$236,000	\$236,000	\$236,000	\$236,000	\$2,832,000	\$2,832,000	\$2,832,000	
	Commonwealth Office of Technology	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000	\$24,000	\$24,000	
	Marketing & PR	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$420,000	\$420,000	\$420,000	
	Legal Expenses	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000	\$12,000	\$12,000	
	Business Interruption Insurance			\$425,000										\$410,000	\$835,000	\$835,000	
	Custodian Bank Accounts	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000	\$3,000	\$3,000	
	IBTTA Dues							\$26,500							\$26,500	\$26,500	
	Loan Servicing						\$13,500								\$13,500	\$13,500	
	Trustee Fees								\$750						\$750	\$750	
	US Bank									\$26,000					\$26,000	\$26,000	
	E-Z Pass Dues									\$25,000					\$25,000	\$25,000	
	Rating Surveillance									\$40,000					\$40,000	\$40,000	
															\$0	\$0	
															\$0	\$0	
	Subtotals	\$311,750	\$311,750	\$736,750	\$311,750	\$325,250	\$311,750	\$349,000	\$412,750	\$321,750	\$321,750	\$321,750	\$731,750	\$4,767,750	\$4,767,750	\$4,767,750	
Maintenance & Utilities	East End Maintenance	\$57,884	\$57,884	\$57,884	\$57,884	\$57,884	\$57,884	\$57,884	\$57,884	\$57,884	\$57,884	\$57,884	\$57,884	\$694,608	\$694,608	\$694,608	
	Downtown Maintenance	\$3,046	\$3,046	\$3,046	\$3,046	\$3,046	\$3,046	\$3,046	\$3,046	\$3,046	\$3,046	\$3,046	\$3,046	\$36,552	\$36,552	\$36,552	
	East End Preventative Maintenance	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$548,700	\$548,700	\$548,700	
	East End Mowing	\$4,220		\$4,220						\$4,220		\$4,220		\$4,220	\$21,100	\$21,100	
	East End Graffiti Removal	\$2,260	\$2,260	\$2,260	\$2,260	\$2,260	\$2,260	\$2,260	\$2,260	\$2,260	\$2,260	\$2,260	\$2,260	\$27,120	\$27,120	\$27,120	
	East End Utility Bills	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$228,000	\$228,000	\$228,000	
	Downtown Utility Bills	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$60,000	\$60,000	\$60,000	
	Downtown Graffiti Removal	\$2,260	\$2,260	\$2,260	\$2,260	\$2,260	\$2,260	\$2,260	\$2,260	\$2,260	\$2,260	\$2,260	\$2,260	\$27,120	\$27,120	\$27,120	
	Downtown Mowing	\$10,550		\$10,550						\$10,550			\$10,550		\$42,200	\$42,200	
	ORB Inspections			\$30,000	\$30,000	\$30,000	\$30,000								\$120,000		
	East End Operations (assumed tolling operations)	\$79,166	\$79,166	\$79,166	\$79,166	\$79,166	\$79,166	\$79,166	\$79,166	\$79,166	\$79,166	\$79,166	\$79,166	\$949,992			
	Downtown Operations(assumed tolling operations)	\$4,166	\$4,166	\$4,166	\$4,166	\$4,166	\$4,166	\$4,166	\$4,166	\$4,166	\$4,166	\$4,166	\$4,166	\$49,992			
	ORB Load Ratings	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000							\$294,000	\$294,000	
	East End Snow and Ice Removal					\$63,000	\$3,000	\$3,000	\$6,000						\$75,000	\$75,000	
	Downtown Snow and Ice Removal					\$126,000	\$6,000	\$6,000	\$12,000						\$150,000	\$150,000	
Downtown Preventative Maintenance											\$570,000	\$870,000		\$1,440,000	\$1,440,000		
														\$0	\$0	\$0	
	Subtotals	\$236,252	\$221,482	\$266,252	\$251,482	\$440,482	\$260,482	\$230,482	\$197,482	\$194,252	\$179,482	\$1,222,002	\$1,064,252	\$4,764,384	\$3,644,400	\$3,644,400	
Tunnel Expenses	East End Tunnel Cleaning	\$18,000			\$18,000			\$18,000			\$18,000				\$72,000		
															\$0		
															\$0		
	Subtotals	\$18,000	\$0	\$0	\$18,000	\$0	\$0	\$18,000	\$0	\$0	\$18,000	\$0	\$0		\$72,000	\$0	
Lincoln Bridge															\$0		
															\$0		
															\$0		
	Subtotals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	
Kennedy Bridge	JFK Finger Joints	\$184,000	\$184,000	\$184,000	\$184,000	\$184,000	\$184,000	\$92,000	\$92,000	\$92,000					\$1,380,000		
															\$0		
															\$0		
	Subtotals	\$184,000	\$184,000	\$184,000	\$184,000	\$184,000	\$184,000	\$92,000	\$92,000	\$92,000	\$0	\$0	\$0		\$1,380,000	\$0	
Capital Expenses															\$0		
															\$0		
															\$0		
	Subtotals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	
MISC	CAFR								\$60,000						\$60,000		
															\$0		
															\$0		
	Subtotals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$60,000	\$0	\$0	\$0	\$0		\$60,000		
TOTALS O&M EXPENSES		\$750,002	\$717,232	\$1,187,002	\$765,232	\$949,732	\$756,232	\$689,482	\$762,232	\$608,002	\$519,232	\$1,543,752	\$1,796,002	\$11,044,134	\$8,412,150	\$8,412,150	
Comparison vs 2017 Financial Report:															\$7,165,085	\$7,790,231	

2020 O&M Costs

Note: Rows in yellow are excluded from O&M because these costs are either:

- Included in tolling
- Included as part of M&R projections
- Not considered annual recurring expenses

2021 O&M Costs

2020 & 2021 Average Costs

- Included in tolling
- Included as part of M&R projections
- Not considered annual recurring expenses

LOUISVILLE – SOUTHERN INDIANA OHIO RIVER BRIDGES PROJECT



Kennedy Replacement Cost Calculations						
Ex Bridge 2500' x 94' =		235000 sft		Replacement Appr Spans 400' x 100' = 40000 sft		
Replacement Cable Stay 2100' x 100' =		210000 sft		Appr. Span Unit Cost = \$500 sft		
Cable Stay Replacement Unit Cost =		\$1,200 sft		Project Contingency = 15%		
Kennedy Bridge Replacement Cost =		\$272,000,000		(adds MOT, road work, traffic, etc.)		
Total Bridge Replacement Project Cost =		\$312,800,000				
Treatment	Quantity	Unit	Unit price (2020\$)	Annuity	Interval (yrs)	
Kennedy Bridge - Pre-Replacement						
Deck Rehabilitation						
Re-Decking/Rehabilitation	235,000	LS	\$ 100	\$ 23,500,000	55	
Partial Depth Deck Repairs/ Thin Deck Overlay(1 cycle)	1	LS	\$ 3,290,000	\$ 3,290,000	5	
Full Depth Deck Repair/Rigid Deck Overlay(2 cycles)	1	LS	\$ 10,575,000	\$ 10,575,000	20	
Replace Expansion Joints	2,079	FT	\$ 300	\$ 623,700	25	
Handrail Repair/ Misc Minor Repairs	1	LS	\$ 50,000	\$ 50,000	1	
Replace Barriers/Railing	14,196	LM	\$ 200	\$ 2,839,200	30	
Structural Steel						
Touch-up Painting	1	LS	\$ 2,570,000	\$ 2,570,000	10	
Maintenance Repainting	1	LS	\$ 25,700,000	\$ 25,700,000	25	
Miscellaneous Steelwork	1	LS	\$ 725,000	\$ 725,000	10	
Substructure						
Concrete Patching	1	LS	\$ 215,600	\$ 215,600	10	
Anchor Bolt Repair	1	LS	\$ 102,600	\$ 102,600	10	
Bearing Replacement	12	EA	\$ 250,000	\$ 3,000,000	50	
Replace Approach Bearings	276	EA	\$ 9,500	\$ 2,622,000	50	
Seal Pier Tops	1	LS	\$ 75,000	\$ 75,000	5	
General Items						
Underwater Inspection/Scour	1	LS	\$ 75,000	\$ 75,000	5	
Electrical/Lighting Upgrades	1	LS	\$ 900,000	\$ 900,000	25	
Bridge Washing	1	LS	\$ 80,000	\$ 80,000	2	
Clean Out Drains	1	LS	\$ 15,000	\$ 15,000	1	
Bridge Replacement with Cable Stay	1	LS	\$312,800,000	\$ 312,800,000	75	

Kennedy Bridge Rehab M&R Costs

LOUISVILLE – SOUTHERN INDIANA OHIO RIVER BRIDGES PROJECT



Content	Quantity	Unit		Unit price (2020\$)	Annuity	Interval (yrs)
Lincoln Bridge						
Deck Rehabilitation						
Wearing Surface Repair	1	LS		\$ 250,000	\$ 250,000	5
Wearing Surface Rem & Replace	1	LS		\$ 2,313,018	\$ 2,313,018	25
Barrier Repair	1	LS		\$ 159,840	\$ 159,840	10
Barrier Replacement	1	LS		\$ 532,800	\$ 532,800	40
Pedestrian Railing Repair/Replacement/Sealer	1	LS		\$ 65,580	\$ 65,580	5
Cable Stay/ Structural						
General Concrete/Structural Steel Repair	1	LS		\$ 5,000,000	\$ 5,000,000	30
Touchup Painting	1	LS		\$ 1,820,000	\$ 1,820,000	20
Recoating						
Maintenance/Repair of Cable Damping System	1	LS		\$ 432,000	\$ 432,000	5
Replacement of Cable Damping System	1	LS		\$ 1,000,000	\$ 1,000,000	50
Bearing Replacement	1	LS		\$ 400,000	\$ 400,000	25
Expansion Jt Replacement (Modular Joint)	1	LS		\$ 4,445,440	\$ 4,445,440	25
Substructure						
Pier Repairs (concrete patching)	1	LS		\$ 313,600	\$ 313,600	10
Seal Pier Tops	1	LS		\$ 30,000	\$ 30,000	5
Seal Pier/Graffiti Protection	1	LS		\$ 20,000	\$ 20,000	5
General Items						
Underwater Inspection/Scour	1	LS		\$ 100,000	\$ 100,000	5
Electrical/Lighting Upgrades	1	LS		\$ 900,000	\$ 900,000	25
Tower Access Maintenance	1	LS		\$ 80,000	\$ 80,000	20
Bridge Washing	1	LS		\$ 80,000	\$ 80,000	2
Clean Out Drains	1	LS		\$ 15,000	\$ 15,000	1
Roadway Aesthetic Lighting	1	LS		\$ 400,000.00	\$ 400,000.00	35

TOTAL \$18,357,278

Lincoln Bridge M&R Costs

KENNEDY INTERCHANGE BRIDGES QUANTITY SUMMARY

Complex Bridge Deck Area =	680,983	sft	(Areas from Bridge Summary Spreadsheet)
Non-Complex Deck Area =	363,206	sft	(Areas from Bridge Summary Spreadsheet)
Bridges Not Replaced in 2016	45,872	sft	(Areas from Bridge Summary Spreadsheet)

Content	Quantity	Unit		Unit price (2020\$)	Base Year Cost	Interval (yrs)
BRIDGES M&R Costs						
Kennedy Interchange Bridge Rehabilitation						
Full Depth Deck Repair/Rigid Deck Overlay(2 cycles)	1,090,061	LS		\$ 25	\$ 27,251,525	25
Deck Replacement	1,090,061	SFT		\$ 55	\$ 59,953,355	55
Superstructure Replacement	363,206	SFT		\$ 150	\$ 54,480,900	75
Replacement of Older Bridges	45,872	SFT		\$ 200	\$ 9,174,400	20
General Bridge Items						
Misc. Substructure Repairs	1	LS		\$ 100,000	\$ 100,000	5
Misc. Bridge Maintenance	1	LS		\$ 100,000	\$ 100,000	2
ROADWAY M&R Costs						
HMA Full Depth Pavement Replacement	1	LS		\$ 57,300,000	\$ 57,300,000	50
HMA Preventative Maintenance (Surface overlay)	1	LS		\$ 11,500,000	\$ 11,500,000	15
HMA Rehabilitation and Patching	1	LS		\$ 17,200,000	\$ 17,200,000	15
Retaining Wall Rehabilitation and Maintenance	1	LS		\$ 200,000	\$ 200,000	20
TRAFFIC M&R Costs						
Panel & Sheet Signs (Replace every 15 yrs)	1	LS		\$ 454,000	\$ 454,000	15
ITS	1	LS		\$ 2,400,000	\$ 2,400,000	30
Sign Structures	1	LS		\$ 294,000	\$ 294,000	25
Pavement Markings/ Striping (Replace every 5 yrs)	1	LS		\$ 322,000	\$ 322,000	5
Lighting	1	LS		\$ 2,600,000	\$ 2,600,000	20

Section 1 M&R Costs

LOUISVILLE – SOUTHERN INDIANA OHIO RIVER BRIDGES PROJECT



Content	Quantity	Unit	Unit price (2020\$)	Base Year Cost	Interval (yrs)
BRIDGES M&R Costs					
East End Bridge Rehabilitation					
Full Depth Deck Repair/Rigid Deck Overlay(2 cycles)	148,500	LS	\$ 45	\$ 6,682,500	25
Deck Replacement	148,500	SFT	\$ 100	\$ 14,850,000	55
General Bridge Items					
Misc. Substructure Repairs	1	LS	\$ 100,000	\$ 100,000	5
Biennial Inspections	1	LS	\$ 125,000	\$ 125,000	2
Misc. Bridge Maintenance	1	LS	\$ 100,000	\$ 100,000	2
ROADWAY M&R Costs					
HMA Full Depth Pavement Replacement	1	LS	\$ 57,300,000	\$ 57,300,000	50
HMA Preventative Maintenance (Surface overlay)	1	LS	\$ 11,500,000	\$ 11,500,000	15
HMA Rehabilitation and Patching	1	LS	\$ 17,200,000	\$ 17,200,000	15
Retaining Wall Rehabilitation and Maintenance					
	1	LS	\$ 100,000	\$ 100,000	20
TRAFFIC M&R Costs					
Panel & Sheet Signs (Replace every 15 yrs)	1	LS	\$ 195,000	\$ 195,000	15
ITS	1	LS	\$ 1,000,000	\$ 1,000,000	30
Sign Structures	1	LS	\$ 126,000	\$ 126,000	25
Pavement Markings/ Striping (Replace every 5 yrs)	1	LS	\$ 138,000	\$ 138,000	5
Lighting (Replace every 5 yrs)	1	LS	\$ 1,100,000	\$ 1,100,000	20

SECTION 4A M&R Costs

Content	Quantity	Unit		Unit price (2020\$)	Annuity	Interval (yrs)
Tunnel M&R Costs						
Structural Elements						
Ceiling Slab Repair	1	LS		\$ 22,000,000	\$ 22,000,000	20
Tunnel Lining Repair (Outer & Interior Walls)	1	LS		\$ 1,530,000	\$ 1,530,000	20
(4 ea) Concrete Portal Beams	1	LS		\$ 560,000	\$ 560,000	10
(2 ea) Cross Passage ways approx 40-ft lg	1	LS		\$ 36,000	\$ 36,000	10
Mechanical Elements						
(18 ea) Jet Fans and Motor Repair/ Replacement	3	LS		\$ 65,000	\$ 195,000	20
Fire/Life Safety/ Security Elements						
SCADA	1	LS		\$ 520,200	\$ 520,200	15
Electrical and Lighting Elements						
Electrical Distribution System	1	LS		\$ 1,420,000	\$ 1,420,000	10

East End Tunnel M&R Costs

APPENDIX E

2013 Operations and Maintenance Cost Analysis

2013

*Community Transportation Solutions
General Engineering Consultant*



Confidential

OPERATIONS AND MAINTENANCE COST ANALYSIS

Louisville-Southern Indiana Ohio River Bridges Project

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1.0 INTRODUCTION

The Louisville-Southern Indiana Ohio River Bridges (LSIORB) Project is a \$2.6 billion mega-project developed to improve cross-river mobility between Jefferson County, Kentucky and Clark County, Indiana. This Operations and Maintenance cost analysis report uses the updated as-bid construction costs from the Downtown Crossing.

For procurement and execution the project was broken down into two procurements — the Downtown Crossing and the East End Crossing. The Downtown Crossing consists of a new bridge constructed adjacent to the existing I-65 bridge, known as the Kennedy Bridge (designated Section 1). The structure will improve the capacity of I-65 by adding six new lanes northbound, while permitting the conversion of the existing Kennedy Bridge to six lanes southbound. Improvements for capacity will also be provided through the reconstruction of three interstate junctions; I-64, I-65, and I-71 known as the Kennedy Interchange, or locally as Spaghetti Junction, in the Downtown Louisville area (designated Section 2). Additional lanes and improvements to the existing I-65 interchanges are also anticipated for the re-construction of I-65 in Jeffersonville, Indiana (designated Section 3). The Downtown Crossing was procured as a design-build project. The Kennedy Bridge and Kentucky interchange portion of the Downtown Crossing will be operated and maintained by KYTC with the Indiana approach being maintained by Indiana Department of Transportation (INDOT).

The East End Crossing consists of a second bridge located approximately eight miles upstream or east of the Kennedy Bridge (designated Section 5). This bridge will offer a connection between KY 841 (Gene Snyder Freeway) in Kentucky to IN 265 (Lee Hamilton Highway) in Indiana (designated Sections 4 and 6 respectively). The new freeway will include a tunnel under the Drumanard historic estate. The bridge and connecting roadways will provide four lanes (two in each direction). The East End Crossing was procured by the Indiana Finance Authority (IFA) as a public-private partnership (P3). As part of the P3 contract the Developer will maintain the Indiana approach roadway (IN 265) the Ohio River Bridge and its Kentucky approach to approximately River Road. The remainder of the Kentucky approach including the tunnel will be maintained by KYTC (Section 4 was divided into two and this section designated as Section 4a).

Vital to the success of the LSIORB Project is an analysis of the relative incurred costs over time. Thus, the cost of facility ownership is the sum total of all expenditures made over the course of a facility's design life. Generally this includes planning, design and construction, maintenance and repair, replacement, alterations, normal operations and disposal.

The purpose of this document is to provide the background and methodology for the estimated expenses for operations and maintenance (O&M), life cycle, and long term capital costs of the LSIORB Project. Supporting data and information used to develop the LSIORB O&M Cost Analysis were collected from International Bridge Facilities, including the Detroit River International Crossing (DRIC) and the Peace Bridge, as well as other bridge and toll authorities. The essential framework is based on a review of publically available financial statements, published budget reports, accepted industry practices, professional experience, and engineering judgment. This data was supplemented by KYTC for recent rehabilitation project costs and frequencies for the existing Kennedy Bridge.

This Operation and Maintenance Cost Analysis is meant to provide Kentucky Public Transportation Infrastructure Authority (KPTIA) with cost data necessary to support financial planning. This financial analysis is not intended to be a part of the National Environmental Protection Act regulatory analysis and reporting.

The Operation and Maintenance Cost Analysis is the primary source documentation and justification for the data presented in the O&M Excel spreadsheet prepared by Community Transportation Solutions (CTS). The analysis is based on a 50 fiscal year timeline starting in FY 2013, running thru 2062. All costs presented are in 2012 dollars. This document is intended as a support for the Excel spreadsheet. Due to the extensive nature and size of the spreadsheet; it has not been included within the body of this summary, the spreadsheet includes the following worksheets:

Worksheet Title	Description/Comments
Modified Alternative Scope Construction Cost	Design, Program Management, construction, ROW, Utility costs by Section (both Year of Expenditure and 2012 Cost sheets)
Expense Detail	Summary of the individual Expense sheets. Calculated for 2012 1 st year of operations
Scale Factors	Provides factors to scale the LSIORB project from the DRIC project and provides a “sanity check” comparator.
Physical Assets	Summary of project assets by lane mile(roadway), and sq. ft., (bridges)
Lane Miles	Lane miles by Section, including bridges
Maintenance and Repair	M&R and Capital Expenditures, costs start on year 1 which equals year of completion.
DRIC Interchange	Summary of the M&R costs for the DRIC I-75 Interchange
General Expenditures	Summary of Administration and Maintenance costs
Utilities	Summary of electrical costs by Section and Tunnel

Worksheet Title	Description/Comments
Tunnel Utilities	Itemized electrical costs for the tunnel
Labor Breakdown	Itemized labor costs for each labor classification required
Labor Burden	Calculation for labor burden for each labor classification
Staff	Summary of required staffing levels
Traffic	Traffic growth projection statistics and AADT totals.
Section Costs	Summary of Pre-construction, Construction, and Construction Administration costs by Section
Kennedy Life Cycle Cost	Life Cycle Costs for the Existing Kennedy bridge.
Kennedy Maintenance and Repair	Recent actual maintenance costs for the existing Kennedy bridge
Skyway	Physical assets and O&M costs for the Chicago Skyway
Indiana Toll Road	Physical assets and O&M costs for the Indiana Toll Road

The financial analysis and this supporting document were revised in 2013 to support KPTIA bonding analysis and documentation. The revision reflects the updated cost for Sections 1-3 including actual as bid construction cost and schedule, and KYTC updated estimates for construction administration and inspection, construction contingency, and other KYTC estimated costs for the construction term. For the Indiana Finance Authority's portion of the project, Sections 4-6, the costs were not updated to reflect as bid costs but the construction schedule was revised to reflect the as-bid schedule. The Excel spreadsheet still contains data for the IFA portion of the project but that information has not been updated or revised and should therefore not be used for the purposes of this report.

2.0 BACKGROUND

This Operations and Maintenance Cost Analysis divides long-term expenses into three broad categories, operations and maintenance (O&M), life cycle costs (M&R), and capital costs. Life cycle costs also include long term capital costs, but are discussed separately. Initial capital costs are not included in this analysis.

2.1 Operations and Maintenance

Both fixed and variable operations and maintenance (O&M) costs include salaries and fringe benefit burden, divided into administration, facility maintenance, and traffic operations. Maintenance activities do not prolong the useful life of a facility or increase the facility's value, but are meant to preserve a facility over time as intended for its initial design. Maintenance of a facility is typically based upon the characteristics of service such as hours of use, square feet of space, and miles driven. Provided that the facility is utilized

in the manner for which it was originally designed, maintenance is typically intermittent over the design life.

2.2 Life Cycle Costs

Maintenance and repair (M&R) activities are often referred to as lifecycle costs. These activities are considered necessary to ensure the useful life of a facility over time and are required to provide continuous uninterrupted service attributed to failure. Repairs are continuous over the life cycle of the facility due to misuse, age and normal wear. Regardless of the reason, the need for repair is expected and therefore included in the budget.

2.3 Capital Costs

Capital improvements of public infrastructure such as a bridge are typically categorized into expansion or replacement as a result of becoming structurally deficient or functionally obsolete. This does not include the rehabilitation or renovation of a facility even if the activities are required to upgrade or achieve applicable regulatory standards. Capital improvements include:

- The replacement or rehabilitation of a facility that no longer has the ability to perform the functions for which it was originally designed
- The redesign or expansion of an existing facility to accommodate changes in functionality or demand use

Given that the design life of most of the facilities exceed the 60 year analysis period and that traffic growth will not require expansion during this period generally no capital costs will be incurred. The exception to this is the replacement of the existing Kennedy Bridge which may exceed its useful life within the next 40 years. The capital costs for the Kennedy Bridge were estimated and included in the analysis.

Vehicle (initial fleet) and related maintenance are excluded as a capital cost.

3.0 **QUANTITATIVE ANALYSIS**

Mathematical scaling was the primary methodology used to determine the incurred O&M costs of the LSIORB Project. The physical aspects of comparable projects, relying on a ratio with specific restrictions of magnitude, were used to extrapolate a cost-estimate. The two projects used as a scaling comparison are the Detroit River International Crossing (DRIC) and the Peace Bridge. Each was chosen for similarities in cost, size and physical attributes. Both of these are international crossings operated under a separate jurisdiction from the adjacent Department of Transportation facilities allowing a straightforward analysis of costs. Therefore, no adjustment is necessary in the comparison between an international and domestic facility.

The Detroit River International Crossing (DRIC) and the LSIORB Project are similar from a traffic volume and physical characteristic standpoint, utilize deicing agents during winter weather, and are similar in terms of the span length and configuration. The DRIC is expected to be built between Detroit, Michigan and Windsor, Ontario. The US cost of the DRIC Project is \$1.85 billion (2010 US\$) and includes a 7,907 foot cable-stay bridge with 2,400 ft. main span, a full interchange and connecting roadways with Interstate 75.

Costs related to the existing Kennedy Bridge were compared to the existing Peace Bridge located in Buffalo, New York. The Peace Bridge is an international bridge between Canada and the United States at the east end of Lake Erie at the source of the Niagara River, about 12.4 miles upriver of Niagara Falls. It connects the City of Buffalo, New York, in the United States to the Town of Fort Erie, Ontario, in Canada. It is operated and maintained by the Buffalo and Fort Erie Public Bridge Authority. The Peace Bridge consists of five arched spans over the Niagara River and a Parker through-truss span over the Black Rock Canal on the American side of the river with a total length is 5,800 feet.

Both of the comparison projects, the DRIC and the Peace Bridge have well developed operations and maintenance data that have been used as a viable reference. In situations in which a comparison could not be made, data from other sources was used.

4.0 GENERAL ASSUMPTIONS

- Operation and Maintenance (O&M) expenses have been calculated to describe the limits and scope of the 2011 “Modified Alternative” LSIORB Project as bid in 2012.
- Baseline Operation and Maintenance (O&M) expenses for the Project were determined using data from the existing system, at the start of construction for Sections 1 and 3. All other section baseline expenses will begin post-construction. Construction dates are consistent with the as-bid schedules for the Downtown and East End Crossing Projects.

Calendar Year	2012	2013	2014	2015	2016	2017
Construction						
Section 1 - Kennedy Interchange						
Section 2 - I-65 Downtown Bridge						
Section 3 - Downtown Indiana Approach						
Section 4 - East End Kentucky Approach						
Section 5 - East End Bridge						
Section 6 - East End Indiana Approach						

- Post Notice to Proceed, the contractor will be responsible for all Maintenance and Repair (M&R) for Sections 1 – 3 for the duration of construction. The contractor will assume normal maintenance activities during the construction period, including normal maintenance and repair. Since normal maintenance activities during construction are a standard construction contract requirement in Indiana and Kentucky it is assumed that these costs are captured in the construction cost estimate. Life cycle and O&M costs for the project will begin upon completion.
- The incurred costs have been calculated both in current 2012 US dollars as well as Year of Expenditure (YOE) to reflect inflation using a 2.5% annual rate. Construction costs for the Downtown Crossing are reported as-bid which reflects a Year of Expenditure (YOE) cost. All O&M costs were developed in 2012 US dollars and are presented in the YOE tables inflated at a 2.5% annual rate.
- The analysis assumes the existing transportation system is not expanded beyond the current “Modified Alternative” project for the duration of the analysis.

4.1 Operations and Maintenance

Operations and Maintenance (O&M) costs are assumed to begin year 1, which is the first year post-construction. Traffic volumes, which are used for staffing growth, are based on the *Louisville-Southern Indiana Ohio River Bridges Traffic & Revenue Study*, October 24 2013, prepared by Steer Davies Gleave.

4.2 Life Cycle Costs

4.2.1 *Maintenance & Repair Costs*

Maintenance and Repair (M&R)/Life cycle costs are assumed to begin year 1, which is the first year post-construction. Life cycle costs for roadways and interchange bridges were

scaled against the DRIC Project. The tunnel costs were scaled by project costs against the calculated new Kennedy Bridge life cycle costs as 75% of bridge cost. According to a publication dated 2005 in the proceedings of the American Society of Civil Engineers (ASCE) Construction Research Congress, tunnel O&M and large bridge costs are similar for the first 65 years.

4.2.2 Capital Costs

Capital costs are defined as expenses that increase the life of the facility. This analysis assumes replacement cost of the facility (2012 new build cost) at the end of its design life. Capital costs are assumed to start year 1, which is the first year post-construction. The following are the assumed design lives of each facility:

- Roadways – 40 years
- Interchange Bridges – 70 years
- Ohio River Bridges – 100 years
- Tunnel – 100 years

Because the design life for the major bridges and tunnel is significantly longer than the analysis period, the O&M Analysis only programs major maintenance activities during the analysis period, such as major deck rehab, not full depth deck replacement. Full depth deck replacements for the regular highway bridges have been assumed within the analysis period.

5.0 LINE-ITEM BUDGETARY EXPENSES

Specific variables used in the O&M analysis include human resources, general overhead expenditures, and utilities based on the percent cost of the LSIORB Project (including roadway, bridge and tunnel) on each of the six sections and combined.

5.1 Human Resources Cost

Human resources cost is paid by the facility owner in order to acquire, maintain, develop and dismiss human resources. This analysis assumes that KYTC will maintain and operate Section 1, 2 and 4a with state forces but does estimate the costs of those forces to the project even though those costs may not be discreetly accounted for as a project cost. This report will focus exclusively on human resources costs such as:

- Base salaries and bonus
- Salary burden including FICA, Medicare, healthcare, unemployment insurance, retirement, disability insurance, workman's compensation, and paid time off

- Salary burden rates for part-time employees limited to FICA, Medicare, and unemployment insurance

Base salary data is scaled per KYTC feedback as approximately 50% of the reported median salary paid in the Louisville, Kentucky area as of August 2010. Position classifications are as required for the execution of various facility activities and are broken down into three categories; Administrative, Maintenance, and Traffic.

Baseline staffing levels have been determined for all six LSIORB Project sections combined. It is anticipated that staffing will be increased on an incremental basis over time reflective of increases in traffic volume. The core staff determined at baseline (starting 1 year post-construction) is divided into three categories presented below with the number of full-time employment (FTE) positions indicated.

5.1.1 Administrative Staffing

Administrative staffing levels have been developed for all six LSIORB Project sections. However, for simplicity an assessment of core staff is scaled by the incurred construction cost-estimate of each section. Regardless of which sections would be included in a financing scenario (design-build or P3), the staff would remain the same. Therefore, an economy of scale is achieved as additional sections are added due to operational efficiencies resulting in a decrease in overall cost of service. It is assumed that the Downtown portion of the project, while administered by KYTC, would incur administrative costs as described herein although those costs may not be charged directly to the project during the O&M phase. Thus, the costs presented are conservative. The following are the staff positions and numbers included in the baseline cost:

Executive Staff	FTE
Project Manager	1
Finance Manager	1
Operations Manager	1
Maintenance Engineer	1

Support Staff	FTE
Accountant I	1
Information Technology Specialist	2
Executive Secretary	1
Receptionist	1
Security Manager	2

5.1.2 Maintenance Staffing

The size and composition of the maintenance staff for the LSIORB Project was scaled based on the O&M parameters outlined in the DRIC. The tunnel staff and labor positions were scaled using the Newfoundland Fixed Link Pre-feasibility Study by Hatch Mott MacDonald in an attempt to draw similar comparisons regarding the level of maintenance required to ensure a good state of repair. As previously described, maintenance staff dedicated to road and bridge activities will increase based on traffic and demand over time. Three shifts will be staffed, Monday through Friday and a single shift on weekends. The following are the staff positions and numbers included in the cost:

Maintenance Staff: Roadways and Bridges	FTE
Maintenance Supervisor	3
Electrician	5
General Maintenance Worker II	12
Senior General Laborer (temporary/part-time)	15

5.1.3 Traffic Staffing

This Operation and Maintenance Cost Analysis assumes that tolling will be electronic toll collection therefore there will be no toll collection or traffic control staff associated with the tolling operation. The staff costs will only include operations staff associated with the Louisville-Southern Indiana Regional Traffic Management Center (TRIMARC) traffic operations facility in which traffic will be monitored through standard ITS applications. It is assumed that dedicated operations staff will be supplied to the regional center to monitor and respond to issues on the portion of the project that is the responsibility of KYTC. For the tunnel those operations positions could be located elsewhere but the cost is assumed to be the same.

It is assumed that traffic operations will be provided through TRIMARC, however, the project will not be responsible for the overall operation of the regional center, but will be responsible for providing staff dedicated to the project. The following are the staff positions included in the cost:

Traffic Staff	FTE
Senior Traffic Supervisor	2
Traffic Supervisor	5

5.2 General Overhead Expenses

General overhead expenditures are recurring expenses that cannot be tied directly to a specific facility activity. These costs are spread over the categories of business (e.g., rent), communications (e.g., telephone, internet service, video cameras, other ITS technologies), human resource development (e.g., travel, training, meetings), necessary to maintain and

operate the facilities. Some of these costs may not be charged directly to the project during the O&M phase they are accounted for in this analysis.

An additional overhead expense included in the LSIORB Project O&M Cost Analysis accounts for winter deicing materials (salt/sand). The cost-estimate is based on data from the Transportation Research Board (TRB) which identifies cost allocated to the number of lane miles. Supplemental costs were estimated for labor and mechanical application of the materials.

The General Overhead Expenses included the following assumptions:

- Law enforcement and emergency response services are not included in the costs.
- Tolling will be provided through a fully Automated Electronic Tolling (AET) system. The ongoing operations and maintenance is assumed to be subcontracted to a third party provider. The third party provider will be responsible for maintenance, equipment replacement and upgrading, enrollment, collection, enforcement, and accounting. For the purpose of this study the initial capital costs are included in this report. The ongoing capital, operational and collection costs are provided separately.
- All administration and maintenance facilities are assumed to be rented. Therefore, only lease costs are included in the analysis.

5.3 Utilities

Utilities are a significant and ongoing expenditure including electricity involved with the operation of ventilation, VMS signage and signaling, water sump pumps, lighting and mechanical systems. Utility costs for the roadways are calculated by lane mile provided.

KYTC will provide all electric utilities for roadway and tunnel lighting and mechanical equipment as detailed in the *Tunnel Operations and Maintenance Study*, dated June 6, 2007. The table below provides a breakdown of the "Average Retail Price of Electricity to Ultimate Customers by End-Use Sector" which is used in calculating the tunnel utility cost.

State	Residential	Commercial	Industry	Transportation	All Sectors
Indiana	9.19	8.03	5.74	9.04	7.47
Kentucky	8.38	7.64	5.19	--	6.97

Values for 2010 are preliminary estimates based on a cutoff model sample reported in cents per kilowatt hour (June 2010)

6.0 REFERENCES

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APPENDIX A

Operations and Maintenance Cost Summary (2017-2060)

Year	O&M Cost	M&R Costs	Kennedy Replacement
2017	\$ 3,386,199	\$ 753,107	
2018	\$ 4,171,991	\$ 869,477	
2019	\$ 4,300,946	\$ 869,477	
2020	\$ 4,277,066	\$ 869,477	
2021	\$ 4,305,357	\$ 869,477	
2022	\$ 4,281,477	\$ 869,477	
2023	\$ 4,305,357	\$ 869,477	
2024	\$ 4,281,477	\$ 3,171,380	
2025	\$ 4,305,357	\$ 3,171,380	
2026	\$ 4,281,477	\$ 3,171,380	
2027	\$ 4,531,023	\$ 3,171,380	
2028	\$ 4,281,477	\$ 3,171,380	
2029	\$ 4,305,357	\$ 12,182,991	
2030	\$ 4,281,477	\$ 12,182,991	
2031	\$ 4,305,357	\$ 12,182,991	
2032	\$ 4,281,477	\$ 12,182,991	
2033	\$ 4,305,357	\$ 12,182,991	
2034	\$ 4,281,477	\$ 9,612,268	
2035	\$ 4,305,357	\$ 9,612,268	
2036	\$ 4,281,477	\$ 9,612,268	
2037	\$ 4,531,023	\$ 9,612,268	
2038	\$ 4,281,477	\$ 9,612,268	
2039	\$ 4,305,357	\$ 3,516,950	
2040	\$ 4,281,477	\$ 3,516,950	
2041	\$ 4,305,357	\$ 3,516,950	
2042	\$ 4,281,477	\$ 3,516,950	
2043	\$ 4,305,357	\$ 3,516,950	
2044	\$ 4,281,477	\$ 4,133,858	
2045	\$ 4,305,357	\$ 4,133,858	
2046	\$ 4,281,477	\$ 4,133,858	
2047	\$ 4,531,023	\$ 4,133,858	
2048	\$ 4,281,477	\$ 4,133,858	
2049	\$ 4,305,357	\$ 4,060,470	
2050	\$ 4,281,477	\$ 4,060,470	
2051	\$ 4,305,357	\$ 4,060,470	
2052	\$ 4,281,477	\$ 4,060,470	
2053	\$ 4,305,357	\$ 4,060,470	\$ 138,613,420
2054	\$ 4,281,477	\$ 40,158,739	\$ 138,627,659
2055	\$ 4,305,357	\$ 40,158,739	\$ 138,438,833
2056	\$ 4,281,477	\$ 40,158,739	
2057	\$ 4,531,023	\$ 40,158,739	
2058	\$ 4,281,477	\$ 40,158,739	
2059	\$ 4,305,357	\$ 817,098	
2060	\$ 4,357,082	\$ 817,098	

Note: All costs in 2012 dollars.



**Louisville – Southern Indiana
Ohio River Bridges Project**



Kentucky Public Transportation Infrastructure Authority (KPTIA)

**2020 FINANCIAL PLAN ANNUAL UPDATE
Forecasted CapEx and OpEx Costs
July 23, 2021**

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DISCLAIMER

In preparing this Report, HNTB relied on data and information provided by third parties. This information has not been independently verified by HNTB, and HNTB has assumed the information to be accurate, complete, reliable, and current. Therefore, while HNTB has utilized its best efforts in preparing the Report, HNTB does not warrant or guarantee the conclusions set forth therein. Further, HNTB is not, and has not been, a municipal advisor as defined in Federal law (the Dodd Frank Bill) and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act with respect to the financial information provided in the Report. Those reviewing this Report should discuss the information and material contained in the Report with any and all internal and external advisors deemed appropriate before acting on this information.

INTRODUCTION

As requested by the Kentucky Transportation Cabinet (KYTC), this memorandum has been prepared in support of the Consulting Engineer's Report (CER) being developed to support KPTIA's financial model update and provides information regarding estimated costs related to the tolling systems and operation for the Louisville-Southern Indiana Ohio River Bridges (LSIORB), including the associated RiverLink customer service system and operations used for toll revenue collection. The estimated costs provided herein are yearly capital expenditure costs (CapEx) and operational expenditure costs (OpEx) for fiscal years 2022 (starting July 2021) through 2053 (ending June 2053). The estimated amounts include costs for the planning, design, development, installation, operations and maintenance of the needed tolling systems and operations to collect toll revenue from customers who utilize the toll bridges that currently comprise the ORB.

COST COMPONENTS

The estimated costs cover the following elements:

- Customer Service Center (CSC) systems and operations;
- Back-Office System (BOS); and
- Roadside System (RSS).

The CSC is the face and voice of the tolling operation where CSC staff interact directly with the public through a customer service operation utilizing an integrated suite of systems and technology that supports customer relationship management.

Tolling CSC systems and operations typically include the following:

- Call center with an automated self-service Integrated Voice Response (IVR) system;
- Website with automated self-service functionality;
- In-person customer walk-up center(s);
- Account management and customer issue resolution;
- Image review (to identify license plates for the purpose of toll collection);
- Transponder inventory management and order request fulfillment; and
- Incoming mail and electronic communications processing.

The BOS is the central suite of integrated subsystems consisting of hardware, software and databases that process and store toll data and customer information for the purpose of toll collection.

A tolling BOS typically is comprised of and involves the following components:

- Data center (with provisions for disaster recovery and business;
- Transaction processing;
- Image processing;
- Billings and payment processing;
- Correspondence generation;
- Financial recordings and reporting; and
- Automated interfaces to external systems and 3rd party services, including:
 - Roadside Systems;
 - CSC systems (e.g., website, IVR, etc.);

- Credit card and electronic payment processors;
- Print and mail services;
- Sources of vehicle owner information;
- Retail services; and
- Other interoperable toll agencies/facilities.

A Roadside System (RSS) traditionally consists of equipment mounted on, under and around overhead gantry structures that captures information about the vehicles driving in travel lanes through one or more toll zones associated with a toll facility. The RSS detects vehicles, classifies vehicles, reads in-vehicle transponders, and captures images of vehicle license plates. The RSS also interfaces with the BOS and transmits to it the captured data and images for further processing.

The RSS field equipment typically includes the following integrated subsystems:

- Automated Vehicle Detection and Classification (AVDC) devices consisting of in-pavement and/or overhead sensors that detect and classify vehicles;
- Automated Vehicle Identification (AVI) devices consisting of radio-frequency identification (RFI) based antennae and readers that read in-vehicle transponders;
- Cameras with supplemental lighting that capture legible images of license plates; and
- Roadside cabinets that house the necessary electronics, power supplies, and communications equipment.

ASSUMPTIONS

The cost estimates are based on a set of assumptions (provided below) and were developed using best available information at the time. This information includes details from:

- The currently executed Toll Services Agreement for the LSIORB Project (executed by the Indiana Finance Authority (IFA) on May 12, 2015 with Kapsch TrafficCom IVHS (Kapsch));
- The executed Change Order 07 to the Toll Services Agreement for the LSIORB Project (executed by IFA on November 5, 2020 with Kapsch TrafficCom IVHS (Kapsch));
- Recent related monthly operations invoices from Kapsch;
- The recently issued Request for Proposals (RFP) for a Project to Provide a Customer Service Center and Back Office System for RiverLink's Ohio River Bridges (issued by IFA on September 30, 2020); and
- The recently executed contract with Electronic Transaction Consultants (ETC) for a new Toll Services Provider (TSP2) to provide a Customer Service Center and Back Office System for RiverLink's Ohio River Bridges (executed by IFA and ETC on July 1, 2021).

The above referenced RFP specifies requirements for the outsourced resources (labor, hardware, software, materials, etc.) needed to plan, design, develop, implement/install, operate and maintain the new CSC (system and operations). It is assumed that the requirements related to future replacements of the CSC/BOS (anticipated to be replaced every ten (10) years) will be similar to those in the issued RFP and, as a direct result, the respective costs will be similar.

Another portion of the estimated costs (both CapEx and OpEx) are based on yet to be determined requirements for the outsourced resources (labor, hardware, software, materials, etc.) needed to plan,

design, develop, implement/install, operate and maintain a new RSS which is anticipated to commence revenue collection operations in January 2025. It is assumed that the requirements related to the new RSS, and even future replacements of the RSS (anticipated to be replaced every seven (7) years) will be similar to those in effect today for the existing RSS and, as a direct result, the respective costs will be somewhat similar.

Finally, a small portion of the estimated costs (OpEx only) are based on the need to continue on-going operations and maintenance of the existing CSC, BOS and RSS until the new CSC/BOS, and eventually the new RSS, begin operations.




Consistent with current industry norms, it is anticipated that during the 32-year period (FY2022 through FY2053), four (4) new replacement CSCs/BOSs will be implemented (i.e., the CSC/BOS will be re-procured every ten (10) years) and five (5) new replacement RSSs will be implemented (i.e., the RSS will be re-procured every seven (7) years) as depicted in the following table.

Assumed Refresh Schedule

Year	CSC/BOS CapEx	CSC/BOS OpEx	RSS CapEx	RSS OpEx
FY2022	new CSC/BOS	existing CSC/BOS		existing RSS
FY2023		existing CSC/BOS	new RSS	existing RSS
FY2024		new CSC/BOS		new RSS
FY2025		new CSC/BOS		new RSS
FY2026		new CSC/BOS		new RSS
FY2027		new CSC/BOS		new RSS
FY2028		new CSC/BOS		new RSS
FY2029		new CSC/BOS		new RSS
FY2030		new CSC/BOS	2nd new RSS	new RSS
FY2031		new CSC/BOS		2nd new RSS
FY2032	2nd new CSC/BOS	new CSC/BOS		2nd new RSS
FY2033		new CSC/BOS		2nd new RSS
FY2034		2nd new CSC/BOS		2nd new RSS
FY2035		2nd new CSC/BOS		2nd new RSS
FY2036		2nd new CSC/BOS		2nd new RSS
FY2037		2nd new CSC/BOS	3rd new RSS	2nd new RSS
FY2038		2nd new CSC/BOS		3rd new RSS
FY2039		2nd new CSC/BOS		3rd new RSS
FY2040		2nd new CSC/BOS		3rd new RSS
FY2041		2nd new CSC/BOS		3rd new RSS
FY2042	3rd new CSC/BOS	2nd new CSC/BOS		3rd new RSS
FY2043		2nd new CSC/BOS		3rd new RSS
FY2044		3rd new CSC/BOS	4th new RSS	3rd new RSS
FY2045		3rd new CSC/BOS		4th new RSS
FY2046		3rd new CSC/BOS		4th new RSS
FY2047		3rd new CSC/BOS		4th new RSS
FY2048		3rd new CSC/BOS		4th new RSS
FY2049		3rd new CSC/BOS		4th new RSS
FY2050		3rd new CSC/BOS		4th new RSS
FY2051		3rd new CSC/BOS	5th new RSS	4th new RSS
FY2052	4th new CSC/BOS	3rd new CSC/BOS		5th new RSS
FY2053		3rd new CSC/BOS		5th new RSS

The estimated CSC/BOS OpEx costs include variable cost components that are based on the following information from the recently updated Traffic & Revenue Report.

Assumed Transactions, Revenue Leakage and Transponder Share

Year	Updated Forecast (2020/2021)		
	Transactions	Annual Revenue <i>less leakage & unpaid tolls</i>	Transponder Share
FY2023	33,768,000	\$ 123,297,000	77.00%
FY2024	34,268,000	\$ 127,562,000	
FY2025	34,775,000	\$ 132,014,000	
FY2026	35,291,000	\$ 136,659,000	
FY2027	35,815,000	\$ 141,503,000	
FY2028	36,346,000	\$ 146,554,000	
FY2029	36,886,000	\$ 151,818,000	
FY2030	37,403,000	\$ 157,391,000	88.00%
FY2031	37,894,000	\$ 163,279,000	
FY2032	38,393,000	\$ 169,390,000	
FY2033	38,900,000	\$ 175,733,000	
FY2034	39,415,000	\$ 182,318,000	
FY2035	39,937,000	\$ 189,154,000	
FY2036	40,467,000	\$ 196,250,000	
FY2037	41,006,000	\$ 203,617,000	
FY2038	41,553,000	\$ 211,264,000	
FY2039	42,108,000	\$ 219,204,000	
FY2040	42,595,000	\$ 227,149,000	88.00%
FY2041	43,012,000	\$ 235,080,000	
FY2042	43,433,000	\$ 243,291,000	
FY2043	43,859,000	\$ 251,790,000	
FY2044	44,290,000	\$ 260,588,000	
FY2045	44,725,000	\$ 269,695,000	
FY2046	45,164,000	\$ 279,123,000	
FY2047	45,609,000	\$ 288,884,000	
FY2048	46,058,000	\$ 298,987,000	
FY2049	46,512,000	\$ 309,447,000	
FY2050	46,894,000	\$ 319,757,000	
FY2051	47,202,000	\$ 329,883,000	
FY2052	47,513,000	\$ 340,330,000	
FY2053	47,826,000	\$ 351,110,000	

Source: Ohio River Bridges T&R Report 17May2021

COST ESTIMATES

The estimated annual toll related CapEx and OpEx costs for FY2022 through FY2053 are as follows:

Year	Estimated Toll CapEx (2020\$)	Estimated Toll OpEx (2020\$)
FY2022	\$ 6,716,000	\$ 14,266,000
FY2023	\$ 13,176,000	\$ 14,266,000
FY2024	\$ -	\$ 16,904,000
FY2025	\$ -	\$ 16,390,000
FY2026	\$ -	\$ 16,723,000
FY2027	\$ -	\$ 17,109,000
FY2028	\$ -	\$ 17,611,000
FY2029	\$ -	\$ 18,079,000
FY2030	\$ 6,460,000	\$ 18,567,000
FY2031	\$ -	\$ 19,022,000
FY2032	\$ 10,890,000	\$ 19,491,000
FY2033	\$ 10,890,000	\$ 19,976,000
FY2034	\$ -	\$ 20,590,000
FY2035	\$ -	\$ 20,894,000
FY2036	\$ -	\$ 21,208,000
FY2037	\$ 6,460,000	\$ 23,730,000
FY2038	\$ -	\$ 21,861,000
FY2039	\$ -	\$ 22,202,000
FY2040	\$ -	\$ 22,524,000
FY2041	\$ -	\$ 22,830,000
FY2042	\$ 10,890,000	\$ 23,142,000
FY2043	\$ 10,890,000	\$ 23,463,000
FY2044	\$ 6,460,000	\$ 23,792,000
FY2045	\$ -	\$ 24,131,000
FY2046	\$ -	\$ 24,478,000
FY2047	\$ -	\$ 27,036,000
FY2048	\$ -	\$ 25,202,000
FY2049	\$ -	\$ 25,579,000
FY2050	\$ -	\$ 25,933,000
FY2051	\$ 6,460,000	\$ 26,264,000
FY2052	\$ 10,890,000	\$ 26,603,000
FY2053	\$ 10,890,000	\$ 26,952,000

Notes and Assumptions

1. All costs are estimated in 2020 dollars (2020\$).
2. All estimates reflect total project costs that are split evenly between Kentucky and Indiana.
3. The respective CapEx costs for the new CSC/BOS and future replacement/new CSCs/BOSs are evenly divided between the two (2) years prior to start of operations (e.g., FY2022 & FY2023 for the new CSC/BOS).
4. The existing CSC/BOS operations and related OpEx costs end in June 2023 (end of FY2023).
5. The new CSC/BOS operations and related OpEx costs start in July 2023 (start of FY2024).
6. The variable and pass-through cost components of the annual OpEx costs for the new CSC/BOS are based on FY2019 actual operational statistics, the FY2021 budget for Pass-Through Costs, and forecasted transactions, revenue and Pay-by-Plate (PbP) share in "Ohio River Bridges T&R Report 17May2021.pdf" (see Updated Forecast in Table 4.1 and PbP Share in Table 3.9).
7. Every 4th year of CSC/BOS operations starting with the 2nd new CSC/BOS the CSC/BOS OpEx costs include a \$2M cost for system refreshing.
8. The CSC/BOS is re-procured every ten (10) years and the related costs, both CapEx and OpEx, are similar to the respective costs for the initial new CSC/BOS with various variable components of the annual OpEx costs continuing to be based on forecasted transactions and revenue (see Updated Forecasts in "Ohio River Bridges T&R Report 17May2021.pdf").
9. The pass-through cost components of the annual OpEx costs for the new RSSs are based on the FY2021 budget for Pass-Through Costs.
10. The operations of the existing RSS (i.e., TSP1) ends in June 2023, and the operations of the initial new RSS (i.e., TSP1X) starts in July 2023.
11. The RSS is re-procured every seven (7) years. The operations of the initial new RSS (i.e., TSP1X) ends June 2030 (FY2030) and operations of the subsequent new RSS starts July 2030 (FY2031).
12. The respective CapEx costs for the new RSS (i.e., TSP1X) and future replacement/new RSSs (i.e., those beyond TSP1X) are applied to the year prior to the respective start of operations (e.g., FY2023 for the initial new RSS (i.e., TSP1X)).
13. RSS replacement costs (CapEx) excludes any civil costs (e.g., assumes gantries will not be replaced).
14. RSS replacement costs (CapEx) includes replacing controllers and display modules for the existing Changeable Message Signs.
15. Costs do not include costs for 3rd party support and advisors (e.g., financial, legal, marketing, tolling, etc.).
16. OpEx costs related to new CSCs assume an aggressive collections effort.
17. Starting with the 2nd new CSC/BOS, the costs (CapEx and OpEx) for the new CSCs and BOSs include a 10% contingency.
18. Estimated costs do not include any incremental costs associated with the addition of the potential ORX Project.
19. The new CSCs are assumed to be located within the Louisville/Jeffersonville area.
20. The new BOSs are assumed to be collocated with the CSC (on-premise).
21. When systems are replaced, any technology differences do not have a significant impact on CapEx or OpEx costs.

22. Starting with the 2nd new CSC/BOS, the new CSC/BOS TSP (TSP2X) costs assume Key Personnel for operations are dedicated and other managers for operations are shared resources (@ 50% share).

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APPENDIX G

**CERTAIN INFORMATION RELATING TO
THE TRANSPORTATION CABINET AND THE COMMONWEALTH**

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THE COMMONWEALTH

The Commonwealth of Kentucky, nicknamed the Bluegrass State, is bounded by the Ohio River to the north and the Mississippi River to the west, and is bordered by the States of Illinois, Indiana, Ohio, West Virginia, Tennessee, Missouri and the Commonwealth of Virginia. This location is at the center of a 34-state distribution area which places Kentucky strategically within a one-day drive to over 65 percent of the nation's population, and established manufacturing.

The economic impact of COVID-19 on Kentucky's revenue has been muted due to material amounts of federal stimulus. The CFG last met on December 4, 2020 to render the official estimates for FY21 and FY22. The CFG adjusted the FY21 General Fund forecast to \$11,729.0 million, the FY22 General Fund forecast to \$11,996.3 million, the FY21 Road Fund Forecast to \$1,577.7 million, and the FY22 Road Fund forecast to \$1,609.2 million. It is important to note that the model scenario predated the late December 2020 \$900 billion federal stimulus package, the release of the federal government's COVID vaccination schedule, the March 2021 \$1.9 trillion stimulus package, and contemplation of any infrastructure stimulus. As stated in the Commonwealth of Kentucky Quarterly Economic & Revenue Report, Fourth Quarter, dated July 30, 2021, the Fiscal Year 2021 General Fund revenue surplus exceeded estimates by over \$1.1 billion. Interim unofficial General Fund revenues are projected to grow 3.3 percent over the Fiscal Year 2021 estimate for the first three quarters of Fiscal Year 2022, and Road Fund revenues are projected to grow 4.6 percent for the same period.

Kentucky has seen volatility in COVID-19 positivity rates and an increase in business activity from a relaxation of mandated closures. On June 11, 2021, Governor Andy Beshear rescinded almost all COVID-19 restrictions, including the statewide mask mandate for most settings and ended capacity limits for restaurants, bars and other public venues. Since then, however, new cases of and hospitalizations for COVID-19 are increasing in Kentucky and the United States at the fastest rate of growth of the pandemic since its inception because of the transmission of the highly contagious Delta variant. The Governor of Kentucky issued an executive order on August 10, 2021 temporarily reinstating certain previous restrictions intended to limit the spread of the pandemic. Certain executive orders declaring a state of emergency remain in place to allow Kentucky to remain eligible to qualify for various federal programs.

Financial Information Regarding the Commonwealth

The Commonwealth annually publishes The Kentucky Comprehensive Annual Financial Report with respect to the Fiscal Year of the Commonwealth most recently ended. The CAFR includes certain financial statements of the Commonwealth as well as general financial information pertaining to the Accounting System and Budgetary Controls, Debt Administration, Cash Management, Risk Management, General Fund Budgetary Basis and Governmental Funds GAAP Basis. In addition, the Notes to Financial Statements as set forth in the CAFR contain information regarding the basis of preparation of the Commonwealth's financial statements, Funds and Pension Plans. The "Statistical Section" of the CAFR includes information on Commonwealth revenue sources, Commonwealth expenditures by function, taxes and tax sources, taxable property, assessed and estimated values, property tax, levies and collections, demographic statistics (population, per capita income and unemployment rate), construction and bank deposits, sources of personal income and largest Commonwealth manufacturers.

The Commonwealth has filed *The Kentucky Comprehensive Annual Financial Report* for Fiscal Year 2020 with the following Nationally Recognized Municipal Securities Information Repository ("NRMSIR") in accordance with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"):

Municipal Securities Rulemaking Board
Electronic Municipal Market Access System (“EMMA”)
Internet: <http://emma.msrb.org>

A copy of The Kentucky Comprehensive Annual Financial Report for Fiscal Year 2020 may be obtained from EMMA or from the Office of Financial Management, 702 Capitol Avenue, Suite 76, Frankfort, Kentucky 40601, (502) 564-2924. Additionally, The Kentucky Comprehensive Annual Financial Report for Fiscal Year 2020 and certain other fiscal years may be found on the Internet at:

<http://finance.ky.gov/services/statewideacct/Pages/ReportsandPublications.aspx>

Only information contained on the Internet web page identified above is incorporated herein and no additional information that may be reached from such page by linking to any other page should be considered to be incorporated herein.

Budgetary Process in the Commonwealth

The General Assembly is required by the Kentucky Constitution to adopt measures providing for the state’s revenues and appropriations for each fiscal year. The Governor is required by law to submit a biennial State Budget (the “State Budget”) to the General Assembly during the legislative session held in each even numbered year. State Budgets have generally been adopted by the General Assembly during those legislative sessions, which end in mid-April, to be effective upon the Governor’s signature for appropriations commencing for a two-year period beginning the following July 1.

Due to the uncertainty that COVID-19 would have on the Commonwealth’s economy, a one-year State Budget was adopted for fiscal year 2020-2021 during the 2020 Regular Session of the General Assembly and a one-year State Budget was adopted for fiscal year 2021-2022 during the 2021 Regular Session of the General Assembly. See “Impact of the COVID-19 Pandemic,” below. This nontraditional approach was a direct effect of the uncertainty resulting from the temporary economic slowdown caused by the actions taken to combat COVID-19. The Commonwealth will return to the biennial budget process for fiscal year 2023-2024

In the absence of a legislatively enacted budget, the Supreme Court has ruled that the Governor has no authority to spend money from the state treasury except where there is a statutory, constitutional or federal mandate and the Commonwealth may be prevented from expending funds for certain state governmental functions, including the ability to pay principal of and interest, when due, on obligations that are subject to appropriation.

Investment Policy

The Commonwealth’s investments are governed by KRS 42.500 et seq. and KAR Title 200 Chapter 14. The State Investment Commission (“SIC”), the Treasurer, Secretary of the Finance and Administration Cabinet, the State Controller and two gubernatorial appointees from the Kentucky Banker’s Association and Bluegrass Community Bankers Association, is charged with the oversight of the Commonwealth’s investment activities. The Commission is required to meet at least quarterly, and delegates day-to-day investment management to the Office of Financial Management of the Finance and Administration Cabinet.

On July 31, 2021, the Commonwealth’s operating portfolio was approximately \$7.625 billion in cash and securities. The composition of investments was as follows: U.S. Treasury securities (31.6%); securities issued by agencies and instrumentalities of the United States Government (13.3%); mortgage-backed securities and collateralized mortgage obligations (3.0%); repurchase agreements collateralized by

the aforementioned (5.2%); municipal securities (0.0%); and corporate and asset-backed securities, including money market securities (46.9%). The portfolio had a current yield of 0.08% and an effective duration of 0.53 years.

The Commonwealth's investments are currently categorized into three investment pools; the Short Term, Limited Term, and the Intermediate Term Pools. The purpose of these pools is to provide economies of scale that enhance yield, ease administration and increase accountability and control. The Short Term Pool consists primarily of the General Fund and related accounts. The Limited Term Pool is operated similarly to a money market fund which focuses on principal protection for certain agency funds. The Intermediate Term Pool represents a combination of Agency Fund investments, state held component unit funds, fiduciary funds held for the benefit of others, and also bond proceeds for capital construction projects, held until spent for their intended purpose. Bond proceeds were previously invested separately until July 2010 when they were added into the Intermediate Term Pool to provide additional economies of scale.

The Commonwealth engages in selective derivative transactions. These transactions are entered into only with an abundance of caution and for specific hedge applications to minimize yield volatility in the portfolio. The SIC expressly prohibits the use of margin or other leveraging techniques. The Commonwealth executes a variety of transactions which may be considered derivative transactions, which include: over the counter treasury options, mortgage-backed securities, collateralized mortgage obligations and asset-backed securities.

KAR Title 200 Chapter 14 provides, among other things that: corporate securities, inclusive of Commercial Paper, Banker's Acceptances and Certificates of Deposit are limited to \$25 million per issuer and a stated final maturity of five years or less. Money market securities rated A1/P1 or higher are limited to 20 percent of the investment pools. Asset-Backed Securities ("ABS") are limited to 20 percent of the investment pools. Mortgage-Backed Securities ("MBS") and Collateralized Mortgage Obligations ("CMO") are also limited to a maximum of 25 percent of the investment pools. ABS, MBS and CMO must have a weighted average life of four years or less at time of purchase.

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THE KENTUCKY TRANSPORTATION CABINET**General**

The Department of Highways was established as an agency of the Commonwealth by the 1912 General Assembly. Pursuant to Executive Orders 72-288 and 73-543, confirmed by the Kentucky General Assembly by legislation enacted in 1974, the Department of Transportation (the “Department”), predecessor to the State Agency, was created as the successor to, and represented a reorganization and consolidation of, the Departments of Highways, Motor Transportation and Aeronautics. The Department also succeeded to certain specific functions and responsibilities of the Department of Public Safety and the Department of Revenue as such functions and responsibilities related to transportation. Pursuant to legislation enacted in 1982, the State Agency was created as a successor to and succeeded to all duties of the Department.

The Transportation Cabinet is responsible for the construction, reconstruction and maintenance of the Commonwealth’s primary road system, which carries an estimated 85% of the Commonwealth’s motor vehicle traffic. This represents nearly 40.1 billion vehicle miles of travel. The system consists of some approximately 28,000 miles of parkways, interstate highways, the economic development road system, primary roads, secondary roads, rural secondary roads and supplemental roads, and includes approximately 9,080 bridges. Additionally, the Transportation Cabinet provides direction for licensed airports and heliports throughout the Commonwealth.

The Transportation Cabinet also regulates the operation of motor vehicles upon Kentucky’s public highways and registers approximately 4.0 million vehicles and licenses 3.0 million drivers. The Commonwealth’s Justice Cabinet is responsible for administratively enforcing Kentucky and federal laws and regulations pertaining to commercial vehicles in regard to weight and size limits, operating authority, safety, and tax compliance.

Organization and Management

The Transportation Cabinet is organized into four major operating departments: Highways, Rural and Municipal Aid, Vehicle Regulation, and Aviation. Eleven offices perform staff functions: Office of the Secretary, Budget and Fiscal Management, Legal Services, Inspector General, Information Technology, Support Services, Audits, Human Resources Management, Transportation Delivery, Civil Rights and Small Business Development and Public Affairs. The Transportation Cabinet employs on average approximately 4,500 people on a full-time basis.

The Transportation Cabinet is headed by a Secretary of Transportation, who is appointed by the Governor. Each Department is organized under an appointed Commissioner, and each Office is supervised by an Executive Director. The engineering functions of the organization are under the supervision of a Commissioner of Highways, a State Highway Engineer and four Executive Directors, who also serve at the pleasure of the Governor. Middle management of the State Agency is composed primarily of career employees, most of whom are members of the classified service, which is the Commonwealth’s merit system for employees. Virtually all engineering personnel are protected under the classified service, assuring stability and continuity in the programs of the Transportation Cabinet.

Operations and Maintenance

The Transportation Cabinet provides transportation services to the traveling public through a network of highly developed programs and operating units. To assure prompt and efficient delivery of services across the Commonwealth, the Transportation Cabinet operates 12 regional district offices, and highway maintenance facilities in each of the 120 counties.

The Transportation Cabinet relies on automated systems for tracking and assessing the activities in virtually all functional areas. The Transportation Cabinet uses a sophisticated automated maintenance management system that provides managers with performance data on all aspects of roadway maintenance work. The Transportation Cabinet also maintains an extensive and detailed database of the Commonwealth's highway infrastructure.

Capital Planning For Highways

General. The Commonwealth's road planning process is structured to ensure the development of a continuous and credible highway improvement program that complements the Commonwealth's overall transportation system. The process and its products have evolved considerably in recent years as the State Agency has lengthened its planning horizon and the General Assembly has assumed a more participatory role.

Prior to 1982, the Transportation Cabinet had internally identified, planned, and designed potential projects. Those projects which were approved by the Secretary were made a part of the Transportation Cabinet's five-year program and moved to construction as funds became available. In the 1982 Regular Session of the Kentucky General Assembly, legislation was enacted calling upon the Transportation Cabinet to present each regular session of the General Assembly with a proposed highway construction program for the next three biennial periods. This proposed program for the three biennial periods is referred to as the "Six-Year Plan."

The Six-Year Plan consists of a biennial construction program and a four-year preconstruction planning document. It is through this plan that legislative involvement in the project development process has been assured. In recent years, the Six-Year Plan has formed the foundation for development by the Transportation Cabinet of a more forward-looking transportation planning tool, which is formally known as the "Statewide Transportation Plan." This plan, required first by the Federal Authorization Act, Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991, continued by the Transportation Equity Act for the 21st Century (TEA-21) in 1998, the Safe, Accountable, Flexible, Efficient Transportation Equity Act for Users (SAFETEA-LU) in 2005, the Moving Ahead for Progress in the 21st Century (MAP-21) in 2012, and the Fixing America's Surface Transportation Act (FAST Act) in 2015 integrates all modes of transportation and expands the horizon of project needs identification beyond the six-year period prescribed by Kentucky statutes and allows a more far-sighted approach to transportation planning.

Implementation of the Six-Year Plan. Kentucky's Six-Year Highway Plan is funded through the use of Commonwealth and federal highway dollars. Commonwealth funds are generally derived from fuel and motor vehicle excise taxes and other revenues to the Road Fund, plus the proceeds from road bonds issued by the Turnpike Authority of Kentucky. Commonwealth funds are allocated to the State Agency on a biennial basis and are used to finance state-funded projects or to match federal aid funds at various participation ratios dictated by the federal government. The majority of Kentucky's federal-aid highway funds are appropriated annually from the Federal Highway Trust Fund operated by the U.S. Department of Transportation. All federal dollars must be spent within the appropriate funding category and cannot be transferred for use in other federal-aid categories except as specifically permitted by federal legislation. The annual federal-aid highway fund appropriation is governed by a multi-year federal authorization act. The most recent authorization act, the FAST Act, was enacted on December 4, 2015, and extended the Federal surface transportation programs for highways, highway safety, and transit until September 30, 2020. On September 30, 2020, Congress enacted its Continuing Appropriations Act, 2021 and Other Extensions Act (HR 8337) (the "Continuing Resolution"), which extended the FAST Act for an additional year, to September 30, 2021.

These federal-aid monies are generated by federal excise taxes and are made available in specific dollar amounts for specific types of improvements (i.e., national highway system, surface transportation program, bridge replacement projects, etc.). In general, all federal dollars must be spent within the

appropriate funding category; however, states have some flexibility to transfer funds between program categories.

Revenue Sources of the Transportation Cabinet

General. The Transportation Cabinet is funded through appropriations from a diversified revenue base, including the Road Fund, federal funds, restricted agency funds, and the Commonwealth's General Fund. In addition, the Transportation Cabinet expends funds on behalf of various government agencies and other organizations, including the Turnpike Authority, that participate in the construction and maintenance of highway projects. In the case of the Turnpike Authority, these funds are generated through the issuance of revenue bonds.

Chapter 48 of the Kentucky Revised Statutes provides that "money derived from the excise or license taxation relating to gasoline and other motor fuels, and moneys derived from fees, excise or license taxation relating to registration, operation or use of vehicles for use on public highways" must be deposited in the Road Fund. The Kentucky Constitution mandates that such revenues be applied solely for highway-related uses. Section 230 of the Kentucky Constitution states in part as follows:

No money derived from the excise or license taxation relating to gasoline and other motor fuels, and no monies derived from fees, excise or license taxation relating to registration, operation, or use of vehicles on public highways shall be expended for other than the cost of administration, statutory refunds and adjustments, payment of highway obligations, costs for construction, reconstruction, rights-of-way, maintenance and repair of public highways and bridges, and expense of enforcing state traffic and motor vehicle laws.

Following is a brief description of the various sources of revenue deposited in the Road Fund. The table under "THE TRANSPORTATION CABINET – Historical Available Road Fund Revenues, Expenses and Lease Rentals" herein provides an accounting of the portion of these revenue sources over each of the past five Fiscal Years that were available to pay debt service. These amounts are shown exclusive of any taxes, fees and miscellaneous revenues that are dedicated for other uses.

Motor Vehicle Usage Tax. Motor vehicle usage taxes are currently imposed on the sale or transfer of new or used motor vehicles at the rate of 6% of the vehicle's value. The value on which the tax is assessed on new cars is a percentage of the manufacturer's suggested retail price and for used cars and trucks is based on a notarized affidavit, prepared by both the buyer and seller, attesting to the actual cash consideration paid for the vehicle. See "Recent Changes to Road Fund Receipts" for a description of a new usage tax allowance credit.

During Fiscal Years 2018-2020, the motor vehicle usage taxes have made up approximately 42% of the total monies deposited to the Road Fund and available to pay lease rentals. See "THE TRANSPORTATION CABINET — Historical Available Road Fund Revenues, Expenses and Lease Rentals" herein.

Motor Fuel Taxes. Motor fuel taxes are levied on gasoline, liquefied petroleum gas and special fuels (predominantly diesel fuel) sold for use in motor vehicles operated on public highways and set by statute. The law provides for a variable tax rate equal to 9% of the average wholesale price (awp) of gasoline, which shall be rounded to the third decimal. For Fiscal Year 2021, the motor fuel tax is calculated on an awp of \$2.177 per gallon which is the statutory floor. The awp is calculated by the Department of Revenue for each calendar quarter using the awp from the first month of the previous quarter. The law further limits the awp increase to 10% from one fiscal year to the next, effectively capping the annual growth. In addition to the variable tax, the law provides for a supplemental highway-user motor fuel tax

that is a fixed rate of 5 cents per gallon for gasoline and 2 cents per gallon for special fuels. See “THE TRANSPORTATION CABINET – Recent Changes to Road Fund Receipts” herein.

In addition to the above, firms operating commercial trucks in Kentucky are assessed a surtax of 2% of the awp on gasoline and 4.7% of the awp on special fuels on the amount of fuel used in operation on the public highways of the Commonwealth. By statute, this rate cannot be less than 3.6 cents per gallon on gasoline and 8.4 cents per gallon on special fuels. The current surtax rate effective July 1, 2020 was 4.35 cents for gasoline and 10.23 cents for special fuels which shall remain in effect through June 30, 2021.

These taxes made up approximately 36% of deposits in Fiscal Years 2018-2020 that were available for lease rentals. See “THE TRANSPORTATION CABINET — Historical Available Road Fund Revenues, Expenses and Lease Rentals” herein.

Further, a substantial portion of these motor fuels taxes is statutorily dedicated to a revenue sharing program and not available to pay lease rentals. See “THE TRANSPORTATION CABINET –Claims on Certain Transportation Cabinet Revenues” herein.

Weight Distance Tax. The weight distance tax is assessed on trucks operating on Kentucky roads at declared weights of 60,000 pounds or more at a rate of 2.85 cents per mile.

Truck Licenses and Fees. This category consists primarily of truck proportional registration fees, regular truck license fees, and highway special permits. Commercial trucks are assessed a per vehicle registration fee from \$24 to \$1,410 annually, based on the gross weight of the vehicle. Proportional registration fees are imposed on motor carriers and collected in their home state, then distributed to states in which the carrier operates, based on mileage driven. Kentucky’s share of these funds represents collections on Kentucky-based carriers in excess of what is distributed to other states for those carriers, as well as distributions from other states based on mileage driven in Kentucky by out-of-state carriers. Highway special permits are derived from the issuance of permits to operate a truck that exceeds state regulations for weight and/or dimensional limitations.

Passenger Vehicle Licenses and Fees. Regular passenger vehicle licenses and specialty passenger vehicle licenses are the two main components of this category. The annual registration fee for cars and light trucks is \$21. Of the \$21 fee, \$11.50 is deposited in the Road Fund.

Motor Vehicle Operator Licenses. Effective July 1, 2005 the cost for a four-year license is \$20. House Bill 410 of the 2017 Regular Session was passed and brings Kentucky into compliance with the federal REAL ID Act of 2005. Kentucky has federally compliant driver licenses and personal ID cards, or Voluntary Travel IDs, available for issuance. The new federally-compliant driver license and ID card is either a 4-year credential at a cost of \$24 or an 8-year credential at a cost of \$48. For those individuals who choose not to receive a federally compliant license or ID, they can instead receive a 4-year Standard Driver License or ID at the price of \$21.50 or an 8-year Standard Driver License or ID at the price of \$43. Those citizens choosing the Standard credential will need a passport or other acceptable identification documents to fly domestically or enter restricted federal governmental facilities.

Recent Changes to Road Fund Receipts

In recent years, the statutory changes enacted by the Kentucky General Assembly and various court cases have resulted in a number of changes that affect Road Fund receipts. A brief outline of some of the most notable tax modifications follows.

Motor Vehicle Usage Tax. The usage tax statutes generally provide for a usage tax of 6% levied on every motor vehicle used in Kentucky, subject to exemptions for certain kinds of transfers. The motor vehicle usage tax is collected when a motor vehicle is offered for registration for the first time in Kentucky or upon a transfer of ownership.

The 2013 General Assembly enacted legislation to make permanent a trade-in allowance for new vehicles in the Commonwealth for buyers who trade a used vehicle towards the purchase of a new vehicle. The purchaser pays the Motor Vehicle Usage Tax based on the value of the new vehicle in excess of the value of the trade-in vehicle. The trade-in allowance was effective July 1, 2014, and it has reduced Road Fund receipts available to pay lease rentals by approximately \$45-\$46 million a year.

The 2015 General Assembly enacted legislation, with the passage of H.B. 378, that exempted from taxation purchases made from Kentucky auto dealers by military service members assigned to duty in Kentucky. It reduced annual Road Fund receipts available to pay lease rentals by \$500,000 beginning in Fiscal Year 2016.

Motor Fuel Taxes. The motor fuel tax statutes provide for a variable tax rate equal to 9% of the average wholesale price (awp) of gasoline, which was, until July 1, 2005, subject to a statutory floor of \$1.11 per gallon for both gasoline and special fuels (primarily diesel). The awp was calculated by the Department of Revenue for each calendar quarter using the awp from the first month of the previous quarter. Until March 31, 2015, the law limited the annual fiscal year increase of the awp to 10%, but did not place an annual limit on the decrease (other than the statutory floor).

Since 2004 there have been several changes to the awp, both from legislative actions and through the automatic adjustment provisions. A complete history of those changes is displayed in the table titled KENTUCKY GASOLINE MOTOR FUEL TAX RATE HISTORY that follows this section.

The 2015 General Assembly enacted legislation, with the passage of H.B. 299, which established a new statutory awp floor of \$2.177 per gallon effective April 1, 2015. This legislation increased the motor fuel tax from 21.1 cents per gallon to 24.6 cents per gallon, and fundamentally changed the manner in which motor fuel tax rates are calculated. While motor fuel taxes have a fixed and variable rate component; prior to H.B. 299, the variable component of the tax was calculated and imposed on a quarterly basis. The new legislation calculates the awp on an annual basis and limits the decline to either 90% of the awp in effect at the close of the previous fiscal year or the statutory floor, whichever is higher. Some specific provisions of this legislation are: (1) For Fiscal Year 2016, the awp was the new wholesale floor price; (2) On or before June 1, 2016, and on or before each June 1 thereafter, an “annual survey value” will be calculated for the current fiscal year. This annual value will be determined by averaging the awp quarterly survey values for a fiscal year, as determined through continued regular surveys conducted by the Kentucky Department of Revenue; (3) Effective July 1, 2016, and each July 1 thereafter, the awp used to calculate the tax rate will be the annual survey value described above; and (4) Changes in the annual survey value from one fiscal year to the next are subject to +/-10% change in the awp in effect at the close of the previous fiscal year. However, the effective awp can at no point and time be lower than the new \$2.177 per gallon statutory awp floor.

The following table displays the history of changes to the gasoline motor fuel tax rate in Kentucky. This table does not reflect the motor fuel tax for special fuels, which is 3 cents per gallon less than the gasoline motor fuel tax.

KENTUCKY GASOLINE MOTOR FUEL TAX RATE HISTORY
(rates below reflect cents per gallon)

<u>Effective</u> Begin End		Gasoline Tax Rate KRS 138.220(1)	Motor Fuel User Tax KRS 138.220(2)	Total Motor Fuel Tax	Comments
7/1/1986	6/30/2004	\$1.11 X 9% = 10 Cents	5 Cents	15 Cents	\$1.11 was the awp floor from 1986-2004
7/1/2004	6/30/2005	\$1.22 X 9% = 11 Cents	5 Cents	16 Cents	Effective 7/1/2005 awp floor made permanent by HB267 2005 General Assembly
7/1/2005	6/30/2006	\$1.34 X 9% = 12.1 Cents	5 Cents	17.1 Cents	Effective 7/1/2006 awp floor made permanent by HB280 2006 General Assembly
7/1/2006	6/30/2007	\$1.47 X 9% = 13.3 Cents	5 Cents	18.3 Cents	
7/1/2007	6/30/2008	\$1.62 X 9% = 14.6 Cents	5 Cents	19.6 Cents	
7/1/2008	9/30/2009	\$1.79 X 9% = 16.1 Cents	5 Cents	21.1 Cents	Effective April 1, 2009 the awp floor made permanent by HB374 2009 General Assembly
10/1/2009	12/31/2009	\$1.86 X 9% = 16.8 Cents	5 Cents	21.8 Cents	
1/1/2010	6/30/2010	\$1.97 X 9% = 17.7 Cents	5 Cents	22.7 Cents	
7/1/2010	9/30/2010	\$2.17 X 9% = 19.5 Cents	5 Cents	24.5 Cents	
10/1/2010	12/31/2010	\$2.13 X 9% = 19.2 Cents	5 Cents	24.2 Cents	
1/1/2011	6/30/2011	\$2.162 X 9% = 19.5 Cents	5 Cents	24.5 Cents	
7/1/2011	6/30/2012	\$2.378 X 9% = 21.4 Cents	5 Cents	26.4 Cents	
7/1/2012	6/30/2013	\$2.616 X 9% = 23.5 Cents	5 Cents	28.5 Cents	
7/1/2013	12/31/2013	\$2.878 X 9% = 25.9 Cents	5 Cents	30.9 Cents	
1/1/2014	3/31/2014	\$2.708 X 9% = 24.4 Cents	5 Cents	29.4 Cents	
4/1/2014	6/30/2014	\$2.634 X 9% = 23.7 Cents	5 Cents	28.7 Cents	
7/1/2014	9/30/2014	\$2.897 X 9% = 26.1 Cents	5 Cents	31.1 Cents	
10/1/2014	12/31/2014	\$2.837 X 9% = 25.5 Cents	5 Cents	30.5 Cents	
1/1/2015	3/31/2015	\$2.354 X 9% = 21.2 Cents	5 Cents	26.2 Cents	
4/1/2015	6/30/2015	STATUTORY FLOOR \$2.177 X 9% = 19.6 Cents	5 Cents	24.6 Cents	Effective April 1, 2015 the awp floor made permanent by HB299 2015 General Assembly
7/1/2015	6/30/2016	\$2.177 X 9% = 19.6 Cents	5 Cents	24.6 Cents	Per provisions of HB299 enacted by 2015 General Assembly
7/1/2016	6/30/2017	\$2.177 X 9% = 19.6 Cents	5 Cents	24.6 Cents	
7/1/2017	6/30/2018	\$2.177 X 9% = 19.6 Cents	5 Cents	24.6 Cents	
7/1/2018	6/30/2019	\$2.177 X 9% = 19.6 Cents	5 Cents	24.6 Cents	
7/1/2019	6/30/2020	\$2.177 X 9% = 19.6 Cents	5 Cents	24.6 Cents	
7/1/2020	6/30/2021	\$2.177 X 9% = 19.6 Cents	5 Cents	24.6 Cents	
7/1/2021	6/30/2022	\$2.177 X 9% = 19.6 Cents	5 Cents	24.6 Cents	

In addition to the above motor fuel tax rates, Kentucky imposes a 1.4 cents per gallon underground storage tank fee on the sale of motor fuels. These funds are dedicated to the environmental clean-up of leaking underground fuel storage tanks and are not deposited to the Road Fund.

Road Fund Estimated Revenue for Fiscal Year 2022

The Fiscal Year 2022 Road Fund revenue estimate is \$1,609.2 million which was published by the CFG on December 4, 2020 and is currently the Official Road Fund Revenue Estimate on which the Fiscal Year 2022 budget was enacted in the 2021 Regular Session of the General Assembly. According to the Office of the State Budget Director's *Quarterly Economic & Revenue Report Fourth Quarter Fiscal Year 2021*, it is estimated that revenues will grow 4.6% over the first nine months of Fiscal Year 2022.

Claims on Certain Transportation Cabinet Revenues

There are a number of statutory requirements affecting certain Road Fund revenues. A total of 48.2% of the collections of motor fuels, normal, normal use and surtaxes are restricted and reserved for use on county, municipal, and state rural secondary roads. Effective July 1, 2005, one cent of the motor fuels normal tax was excluded from the above restriction. Effective July 1, 2006, the General Assembly excluded an additional 1.1 cents of the motor fuels normal tax from the revenue sharing provision above. See "THE TRANSPORTATION CABINET – Recent Changes to Road Fund Receipts" herein. Chapter 177 of the Kentucky Revised Statutes requires that 22.2% of these motor fuels tax receipts be expended by the Transportation Cabinet on the rural secondary road system. Chapter 177 also directs that 7.7% and 18.3% of the motor fuels tax be distributed, based on statutory formula, to municipal and county governments, respectively, for use on urban roads and streets and county roads and bridges. Finally, the statutes require that 0.1% of the motor fuels tax collections, up to a maximum of \$190,000, be set aside for the Kentucky Transportation Center. See "THE TRANSPORTATION CABINET – Revenue Sources of the Transportation Cabinet -Motor Fuel Taxes" herein.

Kentucky law establishes an account within the Road Fund, the Energy Recovery Road Fund, into which all fees relating to the extended weight coal haul system are to be credited. 60% of these funds are to be used by the Transportation Cabinet in maintaining the Commonwealth's portion of this road system, and 40% of which are to be distributed to the counties for the purpose of maintaining county roads on this system.

A portion of the receipts to the Road Fund resulting from the issuance or renewal of operator's licenses are also statutorily restricted. See "THE TRANSPORTATION CABINET – Revenue Sources of the Transportation Cabinet – Motor Vehicle Operator Licenses" herein. Chapter 186 of the Kentucky Revised Statutes requires that 50 cents for each four-year original or renewal operator's license be dedicated to expansion of the Kentucky driver education program. For each original or renewal motorcycle operator's license and each instruction permit, \$4 must be dedicated for the purpose of a motorcycle safety education program.

Historical Available Road Fund Revenues, Expenses and Lease Rentals

The table on the following page illustrates the Transportation Cabinet's historical total available Road Fund revenues, expenses and lease rental obligations for the past five Fiscal Years. The figures are derived from the Transportation Cabinet's Financial Report to Management. Motor fuel revenues are shown net of the required allocations for urban roads and streets, for rural and secondary roads, for county roads and bridges, and for the Kentucky Transportation Center. Truck licenses and fees revenues are shown net of required allocations for the Energy Recovery Road Fund. Operating and maintenance expenses reflect only those related to Commonwealth highway and highway-related projects payable from the Road Fund.

**Transportation Cabinet's
Historical Available Road Fund Revenues,
Expenses and Lease Rentals⁽¹⁾**
(AMOUNTS IN THOUSANDS)
FOR THE FISCAL YEAR ENDED JUNE 30

	2017	2018	2019	2020	2021
AVAILABLE ROAD FUND REVENUES					
TAXES:					
Motor Fuels (1b)	422,594	425,568	430,684	413,204	417,067
Vehicle Usage (1c)	499,727	493,131	514,526	499,315	620,978
Weight Distance Tax	84,391	83,782	87,126	86,926	87,903
TRUCK LICENSES AND FEES	75,454	77,592	89,015	75,144	85,211
PASSENGER VEHICLE LICENSES AND FEES	49,220	49,011	50,347	44,221	51,566
MOTOR VEHICLE OPERATORS LIC	15,689	16,264	16,155	12,546	14,017
INTEREST INCOME	1,582	2,837	11,884	6,688	(118)
OTHER (1d)	19,643	21,845	22,100	23,890	24,975
TOTAL AVAILABLE ROAD FUND REVENUES	1,168,300	1,170,030	1,221,837	1,161,934	1,301,599
OPERATING & MAINTENANCE EXPENSES					
Personnel Costs	237,606	255,570	293,275	293,678	301,756
Personal Service	11,517	11,693	6,041	7,370	6,718
Operating Expenses	149,561	169,285	166,525	167,029	170,511
Grants		10	3	3	6
Capital Outlay	32	44	819	662	312
Capital Construction	1,321	1,447	2,113	14,913	8,647
Highway Materials	29,834	33,597	38,169	37,638	42,713
Other Agency Cost (1e)	92,119	93,095	110,428	88,667	83,591
TOTAL OPERATING & MAINTENANCE EXPENSES	521,990	564,741	617,373	609,960	614,254
NET AVAILABLE ROAD FUND REVENUES	646,310	605,289	604,464	551,974	687,345
LEASE RENTALS (1f & 1g)					
Turnpike Authority of KY					
Economic Development Road Project	153,287	154,821	154,413	142,392	142,480
State Property and Buildings Commission					
Project 73 (4th)	6,769	6,765	6,765	6,770	6,768
AVIS & AVIATION	4,975	4,973	4,975	1,830	1,831
C1 Garage	342	342	342	343	342
TOTAL LEASE RENTALS	165,373	166,901	166,495	151,335	151,421
GROSS COVERAGE (1h)	7.0646	7.0103	7.3386	7.6779	8.5959
NET COVERAGE (1h)	3.9082	3.6266	3.6305	3.6474	4.5393

1. This schedule displays detailed information relating to the Commonwealth of Kentucky's Road Fund that can be used to calculate the coverage of available revenues compared to lease rental payments. For this table display, the Transportation Cabinet has revised and updated the categories into which revenues are subdivided to better reflect the significant sources of revenue available to make lease rental payments. These revisions and updates do not affect the total revenue available, only the way in which the revenue is categorized. Total Available Road Fund Revenues represent total revenues available to the Road Fund exclusive of taxes, fees, and miscellaneous revenues that are dedicated for other uses and not available to make lease rental payments to the Turnpike Authority or the SPBC. Operating and Maintenance Expenses include certain non-construction maintenance, operating, regulatory and administrative expenses related to the public highways. Net Available Road Fund Revenues represent Total Available Revenues less Operating and Maintenance Expenses.

2. The Kentucky motor fuel tax rates are set by statute and are subject to annual adjustments based on changes in the awp of fuel. See "THE TRANSPORTATION CABINET — Revenue Sources of the Transportation Cabinet and Recent Changes to Road Fund Receipts" herein.

3. The Kentucky motor vehicle usage tax is imposed on the sale or transfer of new or used motor vehicles at the rate of 6% of the vehicle's value. See "THE TRANSPORTATION CABINET — Revenue Sources of the Transportation Cabinet and Recent Changes to Road Fund Receipts" for more details.

4. Other Receipts consists primarily of general fees to the public, which includes the sale of maps, road plans, driver history records, and various other miscellaneous sales to the general public. Motor vehicle titling fees and proceeds from one-time sales of Cabinet assets also significantly contribute to this category.

5. The Kentucky General Assembly routinely appropriates Road Fund revenues to agencies outside of the Transportation Cabinet to fund the costs of traffic law enforcement, the collection of Road Fund tax revenues, and other administrative support functions related to the Cabinet.

6. Lease Rentals paid by the Transportation Cabinet to the Turnpike Authority of Kentucky include amounts representing the following: principal and interest requirements on Turnpike Authority Bonds and amounts required by the Turnpike Authority for administrative and other expenses; and any amounts to be transferred into the Redemption Account from the Debt Service Reserve Fund. Amounts paid to the SPBC include principal and interest requirements on SPBC bonds supported by Road Fund revenues issued from time to time to finance construction of various projects for the Transportation Cabinet.

7. Gross Coverage equals Total Available Road Fund Revenues divided by Total Lease Rentals. Net Coverage equals Net Available Road Fund Revenues divided by Total Lease Rentals.

Basis of Accounting

The Transportation Cabinet's financial statements are maintained and reported on two bases of accounting. The interim financial statements are prepared on a modified cash basis of accounting and are prepared primarily for budgetary and cash management purposes. Under this basis of accounting, revenue is recorded when received in cash and expenditures are recorded when disbursements are made. Expenditures for liabilities incurred before year-end may be processed for a period of 30 days after the close of the Fiscal Year.

The (annual, as of June 30) audited financial statements are prepared on an accrual basis of accounting in compliance with Generally Accepted Accounting Principles as outlined by the Governmental Accounting Standards Board. A copy of the Transportation Cabinet's audited financial statements is included as a supplement to *The Kentucky Comprehensive Annual Financial Report*, published annually by the Commonwealth. See "THE COMMONWEALTH — Financial Information Regarding the Commonwealth, the Transportation Cabinet and the Authority" and "— Certain Financial Information Incorporated by Reference; Availability from NRMSIR and the Commonwealth."

The interim financial statements reconcile directly with the audited financial statements. Under the interim financial statements, the Transportation Cabinet maintains six operating funds: the Road Fund, the Federal Fund, the General Fund, the Agency Fund, Capital Projects Fund and the Other Expendable Trust Fund. General operating revenues such as motor fuel receipts, license and privilege taxes, departmental fees, and toll revenues are recorded in the Road Fund. Federal grants are recorded in the Federal Fund, and transfers from the Commonwealth's General Fund are recorded in the General Fund. Receipts dedicated to specific programs or purposes and related expenditures are recorded in the Agency Fund. Transactions relating to the acquisition, construction or renovation of the Transportation Cabinet's major capital facilities and the acquisition of major equipment are accounted for in the Capital Projects Fund. The Other Expendable Trust Fund includes expenditures for the Human Service Transportation Delivery system. This pays the contract service providers for transportation of claimants to and from medical and rehabilitation appointments.

Cash Management

Beginning with the enactment of the 2000-2002 Biennial Budget, the General Assembly established the Prefinancing Road Projects Program (the "Program") authorizing the Transportation Cabinet to develop and implement a program to accelerate projects contained in the Biennial Highway Construction Plan. The Program permitted the Transportation Cabinet to initiate work on highway projects in excess of available budget authority by employing a cash flow financing program. In accordance with the General Assembly's on-going authorization for the Program, the Transportation Cabinet has used the Road Fund cash balance to accelerate highway projects.

Prior to Fiscal Year 2000, the Transportation Cabinet managed the highway program on an obligation basis by setting aside the entire cost of a highway project phase at the time work was approved to begin. Typically highway projects take a number of years to complete; therefore, a considerable cash balance had accumulated in the Road Fund as project dollars waited to be spent. The Road Fund cash balance did not represent free, uncommitted funds but rather funds on deposit until expenses became due over time.

Using the cash flow financing approach, the Transportation Cabinet has used the Road Fund cash balance to expedite the start and completion of highway projects. Before the start of the Program in July 2000, the Road Fund cash balance was approximately \$690,000,000. The Road Fund net cash balance as of July 30, 2021 was approximately \$434,500,000.

The Transportation Cabinet has developed a number of cash management practices and tools to forecast and monitor cash activity on an on-going basis. The goal is to maximize available resources for

the delivery of services while ensuring that funds are sufficient to meet current obligations. The authorizing legislation requires that the Transportation Cabinet continuously ensure that funds are available to meet expenditures and the Transportation Cabinet provides periodic updates regarding Program status to the Office of the State Budget Director, the Finance and Administration Cabinet and the General Assembly.

Budget Process of the Transportation Cabinet

The General Assembly is required by the Kentucky Constitution to adopt measures providing for the Commonwealth's revenues and appropriations for each fiscal year. The Governor is required by law to submit a biennial State Budget (the "State Budget") to the General Assembly during the legislative session held in each even numbered year. State Budgets have generally been adopted by the General Assembly during those legislative sessions, which end in mid-April, to be effective upon the Governor's signature for appropriations commencing for a two-year period beginning the following July 1.

The Transportation Cabinet budget for the biennium is prepared in accordance with Chapter 48 of the Kentucky Revised Statutes and based on two-year projections made in light of long-range program requirements and revenue estimates. The biennial budget request is prepared by the Transportation Cabinet and presented to the Governor for submission to the Kentucky General Assembly at its biennial session. The estimates of revenues are made by the consensus forecasting process as prescribed by Chapter 48.115 of the Kentucky Revised Statutes.

The 2009 General Assembly enacted legislation, H.B. 423, which significantly amended Chapter 48 of the Kentucky Revised Statutes regarding the way in which the Governor and the General Assembly must develop and enact the biennial budget for the Transportation Cabinet. Beginning with the Fiscal Year 2011-2012 biennial budget period, the Governor is now required to submit to the General Assembly a branch budget recommendation for the Cabinet, apart from the recommendation of other executive agencies. The Cabinet's branch budget recommendation must include a branch budget bill and a separate bill that lists projects for the biennial highway construction plan. The General Assembly is required to enact the biennial budget in the fashion described.

Transportation Cabinet budget development is initially dependent upon determining (1) available funds both dedicated and undedicated, (2) lease rental obligations, (3) operating requirements and (4) construction program requirements. The budget is developed from the analysis of the above factors, prior year expenditures and new demands on the transportation program for the fiscal period in question.

The construction program requirements consist of the estimated cost of new construction by project within each system of highways, by phase and by quarter. Cost estimates are based upon the estimated contractual and non-contractual costs of preliminary engineering, acquiring rights-of-way, construction, relocating utilities, design and other factors.

The operating requirements for the Transportation Cabinet are formulated by the Transportation Cabinet Budget Office from requests from each budget unit, with subsequent analysis, discussions and adjustments. Final approval of the agency biennial budget request is given by the Secretary of the Transportation Cabinet prior to submission to the Office of the State Budget Director.

In order to provide efficient budget control during the budget execution process, close liaison is maintained between the budget units, the Transportation Cabinet's Budget Office and the Office of the State Budget Director. Proposed changes in policy and programs are studied with a view to their effect on the budget. Routine financial reconciliations are conducted monthly between the Budget Office and various units of the Transportation Cabinet as well as with the Finance and Administration Cabinet.

While the above describes the historical method of the budgetary process, the General Assembly during its 2020 Regular Session enacted a one-year budget, which was adopted with the intent to address the Fiscal Year 2022 budget during the 2021 Regular Session of the General Assembly. This non-traditional

approach was a direct effect of the uncertainty resulting from the temporary economic slow-down caused by the actions taken to combat COVID-19. An additional one-year budget bill for the second year of the biennium was delivered to the Governor on March 30, 2021, and the Governor vetoed parts of the bill on April 7, 2021.

In the absence of a legislatively enacted budget, the Supreme Court has ruled that the Governor has no authority to spend money from the state treasury except where there is a statutory, constitutional or federal mandate and the Commonwealth may be prevented from expending funds for certain state governmental functions, including the ability to pay principal of and interest, when due, on obligations that are subject to appropriation.

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DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

Book-Entry Only System

Introduction

Unless otherwise noted, the information contained in this APPENDIX H has been provided by The Depository Trust Company, New York, New York (“DTC”). None of the Authority, the Commonwealth, the Trustee or the Underwriters makes any representation as to the accuracy or the completeness of such information. The Beneficial Owners of the Series 2021 Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

None of the Authority, the Commonwealth, the Trustee or the Underwriters will have any responsibility or obligation to Direct Participants, Indirect Participants, or any Beneficial Owner with respect to (a) the accuracy of any records maintained by DTC, any Direct Participant or any Indirect Participant; (b) any notice that is permitted or required to be given to the Owners of Series 2021 Bonds under the Indenture; (c) the payment by DTC or any Direct Participant or Indirect Participant of any amount with respect to the principal or interest due with respect to the Owner of the Series 2021 Bonds; (d) any consent given or other action taken by DTC as the Owner of Series 2021 Bonds; or (e) any other matter regarding DTC.

General

The Series 2021 Bonds will be delivered in book-entry-only form. DTC will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or other such name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of each Series of the Series 2021 Bonds, in the aggregate principal amount of such maturity, and will be held by the Trustee.

DTC is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC National Securities Clearing Corporation and Fixed Income Securities Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or

maintain a custodial relationship with a Direct Participant, either directly or indirectly (the “Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2021 Obligation (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2021 Bonds unless authorized by a Direct Participant in accordance with DTC’s procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Series 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detailed information from the Authority or the Trustee on payable dates in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Series 2021 Bonds held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2021 Bonds at any time by giving reasonable prior notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2021 Obligation certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2021 Obligation certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority, the Commonwealth and the Underwriters believe to be reliable, but none of the Authority, the Commonwealth or the Underwriters takes responsibility for the accuracy thereof.

Global Clearance Procedures

Beneficial interests in the Series 2021 Bonds may be held through DTC, Clearstream Banking, S.A. (Clearstream) or Euroclear Bank SA/NV (Euroclear) as operator of the Euroclear System, directly as a participant or indirectly through organizations that are participants in such system.

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream (DTC, Euroclear and Clearstream together, the "Clearing Systems") currently in effect. The information in this subsection concerning the Clearing Systems has been obtained from sources believed to be reliable. No representation is made herein by the Authority as to the accuracy, completeness or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date of this Official Statement. The Authority will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of beneficial ownership interests in The Series 2021 Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Euroclear and Clearstream. Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures. The Series 2021 Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, or Clearstream and Euroclear in Europe if the investors are participants in those systems, or indirectly through organizations that are participants in the systems. For any of such Series 2021 Bonds, the record holder will be DTC's nominee. Clearstream and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositories.

The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream participant on that business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Transfer Procedures. Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time.

The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream participants or Euroclear participants may not deliver instructions directly to the depositories.

The Authority will not impose any fees in respect of holding The Series 2021 Bonds; however, holders of book-entry, interests in The Series 2021 Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in DTC, Euroclear and Clearstream.

Initial Settlement. Interests in The Series 2021 Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in The Series 2021 Bonds through Euroclear and Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in The Series 2021 Bonds will be credited to Euroclear and Clearstream participants' securities clearance accounts on the business day following the date of delivery of The Series 2021 Bonds against payment (value as on the date of delivery of The Series 2021 Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in The Series 2021 Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in The Series 2021 Bonds following confirmation of receipt of payment to the Authority on the date of delivery of The Series 2021 Bonds.

Secondary Market Trading. Secondary market trades in The Series 2021 Bonds will be settled by transfer of title to book-entry interests in Euroclear, Clearstream or DTC, as the case may be. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the 2021 Bonds may be transferred within Euroclear and within Clearstream and between Euroclear and Clearstream in accordance with procedures established for these purposes by Euroclear and Clearstream. Book-entry interests in The Series 2021 Bonds may be transferred within DTC in accordance with procedures

established for this purpose by DTC. Transfer of book-entry interests in The Series 2021 Bonds between Euroclear or Clearstream and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream and DTC.

Special Timing Considerations. Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving The Series 2021 Bonds through Euroclear or Clearstream on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in The Series 2021 Bonds, or to receive or make a payment or delivery of The Series 2021 Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or Brussels if Euroclear is used.

Clearing Information. The Authority expects that The Series 2021 Bonds will be accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification numbers and CUSIP numbers for The Series 2021 Bonds are set forth on the inside cover of the Official Statement.

General. Neither Euroclear nor Clearstream is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

NEITHER THE AUTHORITY NOR ANY OF ITS AGENTS WILL HAVE ANY RESPONSIBILITY FOR THE PERFORMANCE BY EUROCLEAR OR CLEARSTREAM OR THEIR RESPECTIVE DIRECT OR INDIRECT PARTICIPANTS OR ACCOUNT HOLDERS OF THEIR RESPECTIVE OBLIGATIONS UNDER THE RULES AND PROCEDURES GOVERNING THEIR OPERATIONS OR THE ARRANGEMENTS REFERRED TO ABOVE

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FORM OF CONTINUING DISCLOSURE UNDERTAKING

To the extent that (i) Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as amended (the “1934 Act”), requires the Underwriters to determine, as a condition to purchasing \$_____ principal amount of the Kentucky Public Transportation Infrastructure Authority First Tier Toll Revenue Refunding Bonds, Series 2021A (Federally Taxable) and \$_____ First Tier Toll Revenue Refunding Bonds, Series 2021B (Tax-Exempt) (collectively, the “Bonds”), that the Kentucky Public Transportation Infrastructure Authority (the “Authority”) will covenant to the effect of this Undertaking, and (ii) the Rule as so applied is authorized by a Federal law that as so construed is within the powers of Congress, the Authority agrees with the record and beneficial owners from time to time of the Bonds (“Bondholders”) to provide:

1. Within 180 days after the end of the 2021 Fiscal Year and each subsequent Fiscal Year, to the Electronic Municipal Market Access System (“EMMA”) (<http://emma.msrb.org>) established by the Municipal Securities Rulemaking Board (the “MSRB”), core financial information and operating data for the prior fiscal year, including (i) the Authority System’s audited financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and (ii) material historical financial and operating data concerning the Authority System and the Pledged Receipts of the Authority System generally of the type found in the Authority’s Official Statement dated July __, 2021 (the “Official Statement”), relating to the following information in the form of tables:

- (a) current toll rates in a format similar to the table set forth under the caption of the Official Statement entitled “COLLECTION OF TOLL REVENUES – Toll Rates and Collections;”
- (b) historical traffic transactions for the System, setting forth (1) vehicle type by ETC, registered video and other video, daily traffic, traffic shares by vehicle classification, traffic shares by collection method, and annual revenue, in a format similar to the table set forth under the caption of the Official Statement entitled “TRAFFIC AND REVENUE STUDY;”
- (c) Pledged Receipts;
- (d) Downtown Crossing Cash Flow in a format similar to the table entitled “Downtown Crossing Cash Flow” set forth under the caption of the Official Statement entitled “PROSPECTIVE FINANCIAL INFORMATION;”
- (e) debt coverage ratios in a format similar to the table entitled “Estimated Debt Coverage Ratios” set forth under the caption of the Official Statement entitled “PROSPECTIVE FINANCIAL INFORMATION;”
- (f) information relating to the issuance of Additional Bonds, including principal amount, amortization and interest rates;
- (g) changes in debt service on Bonds due to the issuance of Additional Bonds or redemptions in a format similar to the table entitled “Estimated First Tier Bonds Debt Service” set forth under the caption of the Official Statement entitled “PROSPECTIVE FINANCIAL INFORMATION;”

- (h) payments of Rent by the Transportation Cabinet under the Lease or material adverse changes in resources available under the Road Fund of the Commonwealth; and
- (i) as soon as available, but no later than ninety (90) days after the end of the first, second and third quarterly period of each Fiscal Year, an unaudited income statement and balance sheet of the Authority as of the end of such period and the related unaudited statements of operations and of cash flow of the Authority for such period and for the portion of the Fiscal Year through the end of such period, setting forth in each case in comparative form the figures for the previous period.

Notwithstanding the foregoing, in the event audited financial statements are not available at the time of the required filing, the Authority may timely file unaudited financial statements and shall file the audited financial statements when available.

2. In a timely manner not in excess of five (5) Business Days after the occurrence of any event described below, notice to EMMA, of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults if material;
- (c) in the case of credit enhancement that is provided in connection with the issuance of the Bonds, unscheduled draws on such credit enhancement reflecting financial difficulties and substitution of credit providers, or their failure to perform;
- (d) unscheduled draws on debt service reserves reflecting financial difficulties;
- (e) adverse tax opinions or the issuance by the IRS of a proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (f) modifications to rights of security holders if material;
- (g) bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of the event);
- (h) defeasances;
- (i) release, substitution, or sale of property securing repayment of the securities if material;
- (j) bankruptcy, insolvency, receivership, or similar event of the Authority;
- (k) consummation of a merger, consolidation, or acquisition involving the Authority, or sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;
- (l) appointment of a successor or additional trustee or the change of name of a trustee, if material; and

- (m) rating changes;
- (n) incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and
- (o) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

3. In a timely manner, to the MSRB, notice of any failure by the Authority to comply with paragraphs 1 or 2 above.

With respect to event (c) the Authority does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the securities, unless the Authority applies for or participates in obtaining the enhancement.

Event (d) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995.

Event (e) is relevant only to the extent interest on the Bonds is tax-exempt.

With respect to event (g) the Authority does not undertake to provide the above-described event notice of a mandatory redemption through sinking fund installments, not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the final official statement (as defined in the Rule), (ii) the only open issue, which securities will be redeemed in the case of a partial redemption, (iii) notice of redemption is given to the Bondholders as required under the terms of the securities and (iv) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced prior to optional redemptions or security purchases.

4. No Bondholder may institute any suit, action or proceeding at law or in equity (“Proceeding”) for the enforcement of any covenant herein or for any remedy for breach thereof, unless such Bondholder has filed with the Authority evidence of ownership and a written notice of and request to cure such breach, and the Authority has not complied within a reasonable time; provided, however, that any Proceeding challenging the adequacy of any information provided pursuant to paragraphs (1) and (2) above may be brought only by the Trustee or the holders of a majority in aggregate principal amount of the Bonds affected thereby which at the time are outstanding. All Proceedings may be instituted only as specified herein, in the Federal or State courts located in the City of Frankfort, Kentucky, and for the equal benefit of all holders of the Outstanding Bonds benefited by the same or a substantially similar covenant. No remedy may be sought or granted other than specific performance of the covenant at issue. Failure by the Authority to comply with this Continuing Disclosure Undertaking shall not be an event of default under the Bonds.

5. Any amendment to this Undertaking will take effect only if:

- (a) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Authority, or type of business conducted; this Undertaking, as amended, would have complied with the requirements of the Rule at the time of sale of the Bonds to the Underwriters, after taking into account any amendments or interpretations of the Rule, as

well as any change in circumstances; and the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the Authority (such as, but without limitation, the Authority's financial advisor or bond counsel) and the annual financial information containing (if applicable) the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the "impact" (as that word is used in the letter from the staff of the SEC to the National Association of Bond Lawyers dated June 23, 1995) of the change in the type of operating data or financial information being provided; or

- (b) all or any part of the Rule, as interpreted by the staff of the SEC at the date hereof, ceases to be in effect for any reason, and the Authority elects that this Undertaking will be deemed terminated or amended (as the case may be) accordingly.

6. (a) For the purposes of this Undertaking, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares investment power which includes the power to dispose, or to direct the disposition of, such security, except that:

(1) a person will be deemed to be the beneficial owner of a security if that person has the right to acquire beneficial ownership of such security, as defined above in this paragraph 6(a), within 60 days, including but not limited to any right to acquire: (A) through the exercise of any option, warrant or right; (B) pursuant to the power to revoke a trust, discretionary account or similar arrangement; or (C) pursuant to the automatic termination of a trust, discretionary account or similar arrangement;

(2) a person who in the ordinary course of business is a pledgee of securities under a written pledge agreement will not be deemed to be the beneficial owner of such pledged securities until the pledgee has taken all formal steps to declare a default and determines that the power to dispose or to direct the disposition of such pledged securities will be exercised, provided that:

- (i) the pledge agreement is bona fide;
- (ii) the pledgee is:
 - (A) a broker or dealer registered under Section 15 of the 1934 Act;
 - (B) a bank as defined in Section 3(a)(6) of the 1934 Act;
 - (C) an insurance company as defined in Section 3(a)(19) of the 1934 Act;
 - (D) an investment company registered under Section 8 of the Investment Company Act of 1940, as amended;
 - (E) an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, as amended;
 - (F) an employee benefit plan, or pension fund which is subject to the provisions of the Employee Retirement Income Security Act of 1974 or an endowment fund;

(G) a parent holding company, provided the aggregate amount held directly by the parent, and directly and indirectly by its subsidiaries which are not persons specified in items (A) through (F) of this clause (ii) does not exceed 1% of the securities of the subject class; or

(H) a group, provided that all the members are persons specified in items (A) through (G) of this clause (ii); and

(iii) the pledge agreement, prior to default, does not grant to the pledgee the power to dispose or direct the disposition of the pledged securities, other than the grant of such power(s) pursuant to a pledge agreement under which credit is extended subject to Regulation T (12 CFR 220.1 to 220.8) and in which the pledgee is a broker or dealer registered under section 15 of the 1934 Act.

(b) Any assertion of beneficial ownership must be filed, with full documentary support, as part of the written request described in paragraph 4 hereof.

Terms not defined herein are used as defined in the Rule or in the Official Statement.

Dated as of the date first set forth above.

**KENTUCKY PUBLIC TRANSPORTATION
INFRASTRUCTURE AUTHORITY**

By: _____
Chairman

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FORM OF OPINION OF BOND COUNSEL

[Date of Delivery]

Kentucky Public Transportation Infrastructure Authority
Frankfort, Kentucky

Re: \$_____ Kentucky Public Transportation Infrastructure Authority First Tier Toll
Revenue Refunding Bonds, Series 2021A (Federally Taxable) and
\$_____ Kentucky Public Transportation Infrastructure Authority First Tier Toll
Revenue Refunding Bonds, Series 2021B (Tax-Exempt)

We have examined a certified copy of the transcript of proceedings of the Kentucky Public Transportation Infrastructure Authority (the “Authority”), relating to the authorization, sale and issuance of its (i) \$_____ First Tier Toll Revenue Refunding Bonds, Series 2021A (Federally Taxable) (the “Series 2021A Bonds”), (ii) \$_____ First Tier Toll Revenue Refunding Bonds, Series 2021B (Tax-Exempt) (the “Series 2021B Bonds” and, together with the Series 2021A Bonds, the “Series 2021 Bonds”), each dated the date of their initial delivery.

The Series 2021 Bonds are being issued pursuant to the Constitution and laws of the Commonwealth of Kentucky (the “Commonwealth”), including particularly Chapter 175B of the Kentucky Revised Statutes (the “Act”), in accordance with a General Trust Indenture dated as of December 1, 2013, as amended by a First Supplemental General Trust Indenture dated as of July 1, 2021, each between the Authority and The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky, as trustee (the “Trustee”), and in accordance with Series Trust Indentures Number 2021-1 and 2021-2, each dated as of September 1, 2021, between the Authority and the Trustee (collectively, the “Indenture”).

As provided in the Indenture, the Authority and Transportation Cabinet of the Commonwealth of Kentucky (the “Cabinet”) entered into a Lease dated as of December 1, 2013 (the “Lease”) whereby the Authority, as lessor, leases the Authority System, as defined in the Indenture, to the Cabinet, as lessee, for a current term ending June 30, 2022, and pursuant to which the Cabinet has the exclusive option to renew the Lease for the next biennial term and for successive biennial terms thereafter until all Bonds, as defined in the Indenture, issued under the Indenture have been retired.

We have examined the Indenture, the Lease, such portions of the Constitution, statutes and laws of the United States, the Constitution, statutes and laws of the Commonwealth, and such applicable court decisions, regulations, rulings and opinions as we have deemed necessary or relevant for the purposes of the opinions set forth below.

We have examined records and the transcript of proceedings relating to the authorization and issuance of the Series 2021 Bonds, including specimen Series 2021 Bonds, and other relevant matters. We have also made such investigation as we have deemed necessary for the purposes of such opinion and relied upon certificates of officials of the Commonwealth and the Authority as to certain factual matters.

Based upon the foregoing, it is our opinion, under the law existing on the date of this opinion, that:

1. The Authority is an independent de jure municipal corporation and political subdivision of the Commonwealth constituting a governmental agency and instrumentality of the Commonwealth, and existing pursuant to authority of the Act.

2. The Indenture has been duly authorized, executed and delivered by the Authority and is a valid and binding obligation of the Authority, enforceable in accordance with its terms.

3. The Lease has been duly authorized, executed and delivered by the Authority and the Cabinet and is a valid and binding obligation of the Authority and the Cabinet, enforceable in accordance with its terms.

4. The Series 2021 Bonds have been duly authorized and issued by the Authority and are valid and binding limited and special obligations of the Authority, enforceable in accordance with their respective terms.

5. The Series 2021 Bonds are payable as to principal, premium, if any, and interest from, and are secured by a pledge of and a first lien on, the Trust Estate created by the Indenture, which consists of the Pledged Receipts, as defined in the Indenture, the funds and accounts established by the Indenture (other than the Rebate Fund, the General O&M Reserve Fund, the M&R Reserve Fund, the Tolling O&M Reserve Fund and the General Reserve Fund), any and all other property of any kind and nature from time to time hereafter, by delivery or by writing of any kind pledged, assigned or transferred as additional security, and all right, title and interest of the Authority in and to the Lease.

6. The Series 2021 Bonds are special and limited obligations of the Authority payable solely and only as provided for by the Indenture. The Series 2021 Bonds do not pledge the general credit or taxing power, if any, of the Commonwealth, the Authority, the Cabinet or any other agency or political subdivision of the Commonwealth.

7. Interest on the Series 2021A Bonds is not excludable from gross income for Federal income tax purposes.

8. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Series 2021B Bonds is excludable from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the Series 2021B Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. We express no other opinion as to the federal or state tax consequences of purchasing, holding or disposing of the Series 2021 Bonds.

9. The interest on the Series 2021 Bonds is exempt from income taxation and the Series 2021 Bonds are exempt from ad valorem taxation by the Commonwealth and any of its political subdivisions.

Our opinion set forth above is subject to the qualification that the enforceability of the Indenture, the Lease, the Series 2021 Bonds and agreements relating thereto may be limited by bankruptcy, reorganization, moratorium, insolvency or other similar laws relating to or affecting the enforcement of creditors' rights, and to the exercise of judicial discretion in accordance with general equitable principles.

In rendering our opinion (i) as to the due authorization, execution and delivery of the Indenture and the Lease by the Authority, we have relied on the opinions of counsel to the Authority and (ii) as to the due authorization, execution and delivery of the Lease by the Cabinet, and enforceability of the Lease with respect to the Cabinet, we have relied on the opinions of counsel to the Cabinet

Very truly yours,

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**INFORMATION RELATING TO ASSURED GUARANTY
MUNICIPAL CORP. AND FORM OF POLICY**

INFORMATION RELATING TO ASSURED GUARANTY MUNICIPAL CORP.

BOND INSURANCE POLICY

Concurrently with the issuance of the Series 2021 Bonds, Assured Guaranty Municipal Corp. (“AGM”) will issue its Municipal Bond Insurance Policy for all or certain of the Series 2021 Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on such Series 2021 Bonds when due as set forth in the form of the Policy included in this APPENDIX K.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 8, 2021, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On October 29, 2020, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Capitalization of AGM

At June 30, 2021:

- The policyholders' surplus of AGM was approximately \$2,943 million.
- The contingency reserve of AGM was approximately \$947 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,137 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Merger of Municipal Assurance Corp. ("MAC") into AGM

On April 1, 2021, MAC was merged into AGM, with AGM as the surviving company. Prior to that merger transaction, MAC was an indirect subsidiary of AGM (which indirectly owned 60.7% of MAC) and AGM's affiliate, Assured Guaranty Corp., a Maryland-domiciled insurance company ("AGC") (which indirectly owned 39.3% of MAC). In connection with the merger transaction, AGM and AGC each reassumed the remaining outstanding par they ceded to MAC in 2013, and AGC sold its indirect share of MAC to AGM. All of MAC's direct insured par exposures have become insured obligations of AGM.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021);

- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 (filed by AGL with the SEC on May 7, 2021); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021 (filed by AGL with the SEC on August 6, 2021).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2021 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein or included in a document incorporated by reference herein (collectively, the “AGM Information”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Series 2021 Bonds or the advisability of investing in the Series 2021 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented in this appendix.

FORM OF BOND INSURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

